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WORLD NEWS

Tambo calls for review of sanctions

ANC President Oliver Tambo called for a review of sanctions against South Africa, the clearest sign yet that the movement is considering abandoning sanctions as a weapon against apartheid.

Senior leaders of the ANC, which began its first national conference within South Africa for more than 30 years, are divided on the issue of easing sanctions. Page 22

Bush steps up pressure
President George Bush stepped up pressure on Baghdad to agree to early talks by warning that he might call off the proposed meetings rather than continue the present wrangling. Page 2

Levitt makes petition
Roger Levitt, founder of the Levitt Group, the private financial services company which went into liquidation on Tuesday, has made a petition in the High Court for personal bankruptcy. He was released on bail of £500,000 after being charged with stealing £665,000 of his clients' money. Page 22

Albania unrest continues
Tanks moved into Albania's main industrial city of Elbasan as violent anti-communist protests spread across the country. Rioters burned buses and looted shops. Earlier reports, Page 2

Baker gets Dorneywood
Home secretary Kenneth Baker has been given the use of the country house Dorneywood, in Buckinghamshire, as a ministerial residence. Page 22

Israelis stabbed to death
Palestinians stabbed to death three Israelis in Tel Aviv and angry Jews retaliated by knifing an Arab and stoning Arab cars. Page 2

Iran-Contra man jailed
Ex-CIA agent Thomas Clines, who helped arrange arms sales in the Iran-Contra affair, was sentenced to 16 months in prison for failing to pay taxes on his share of the profits from the covert operation.

Boat people suicide bid
Seven Vietnamese boat people set themselves ablaze in an apparent collective suicide attempt in a Hong Kong camp. They faced repatriation to communist Vietnam as illegal immigrants.

Quake in Taiwan
An earthquake measuring 6.7 on the open-ended Richter scale started fires and set off landslides in the eastern Taiwan city of Hualien.

Italian courts deserted
Italian courtrooms were virtually deserted as Italian judges and lawyers staged a one-day strike for more pay and better working conditions.

Romania protest
About 10,000 Romanian workers marched through the western city of Timisoara, centre of last December's revolution, calling on all unions to join a four-day-old students' protest over living standards.

Author Duerrenmatt dies
Swiss author Friedrich Duerrenmatt, 69, who won a series of literary awards for plays, poetry and novels, died of a heart attack at his home in Neuchatel.

Record for Murillo
A painting by Murillo was sold for £2.42m – a world record for the Spanish artist – at a sale of Old Master paintings at Christie's, London. New life for Old Masters, Page 3

BUSINESS SUMMARY

US output shows sharp 1.7% fall

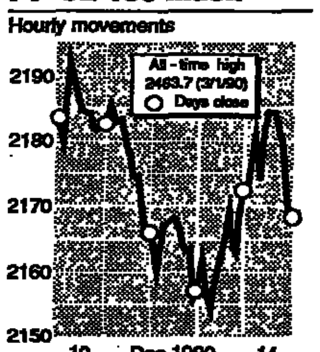
US industrial production dropped 1.7 per cent last month, the sharpest fall since January 1982. The data confirmed signs that the economy was firmly in recession.

The decline, led by a 20 per cent fall in motor vehicle production, was considerably worse than Wall Street had expected and prompted sharp falls in share prices. At 1.30 pm the Dow Jones Industrial Average was down 28.47 at 2,585.89. Page 22; Dow falls on poor data, Page 19

CHRYSLER said that investor Kirk Kerkorian had acquired more than 9 per cent of its outstanding common shares. The US carmaker responded by strengthening its anti-takeover defences. Page 10

EQUITIES: The FT-SE 100 index closed 3.8 lower at 2,168.4, a dip of 15 points on the week. Investors' hopes for an early cut in base rates were effectively abandoned this week after a discouraging speech from chancellor Norman Lamont. Page 13

FT-SE 100 Index
Hourly movements



GROLSCH is to take over Rheinisch-Bergischen Brauerei, the regional German beer group. The Dutch brewer declined to say how much it agreed to pay. Page 10

THYSSEN, German heavy industrial group, reported a 24 per cent fall in yearly post-tax earnings to DM1.3bn (£451m), mainly due to a drop in profits at its special steel division. Page 10

NCR, fifth largest US computer company, formally rejected a $6.1bn (£3.17bn) hostile bid from AT&T, which in turn said it was determined to conclude a merger. Page 10

LOWNDES QUEENSWAY: The administrator of the deposit insurance scheme at the UK furniture and carpets retailer that collapsed in August expects all customers to receive full refunds by the end of March. Page 4

UK PROPERTY market experienced its first-ever decline in average rents in the half-year to November. The Investors Chronicle Hillier Parker All-Property Rents index fell 9.5 per cent adjusted for inflation. Page 4

HANSON, UK industrial conglomerate, disclosed that it had written up the value of the fixed assets of Peabody, its US coal business, by £2.11bn and added £1.67bn to Peabody's provisions for liabilities. Page 8; Lex, Page 18

EUROTUNNEL, the Channel tunnel consortium, confirmed the success of its £530m rights issue when it revealed that investors had taken up 97.6 per cent of the new bearer units on offer. Page 8

MALAYSIA unveiled a budget that anticipates 8 per cent economic growth next year. It would be the fourth straight year the economy expanded at a high rate. Page 2

Italy forecasts that all states will agree security policy guidelines

UK changes tone over EC political union talks

By David Buchan and John Wyles in Rome

ALL 12 members of the European Community, including Britain, will make a joint commitment today to reach agreement in negotiations on political and monetary union.

The Italian presidency forecast last night that all states would agree to broad guidelines covering foreign and security policy, new areas of community competence and the balance between EC institutions. The Italian view was that the political union conference would thus get off to a good start.

"Many states are going to have to give up large chunks of sovereignty," an Italian spokesman said, "so every state has its own kind of difficulty and this must be respected."

The discussions at the European Council in Rome yesterday helped to allay British fears that the outcome of the inter-governmental conference on political union would be rigged in advance. Like the conference on economic and monetary union (Emu), it could last well into 1991.

The rest of the community warmly welcomed the change in tone, if not substance, which Mr John Major brought to the discussions. The prime minister's message to the summit was that people of his and younger generations in the UK took a positive view of the community, and "it is in Britain's national self-interest to keep building and shaping the community and to do so with enthusiasm".

The reactions were summed up by the Italian government spokesman, who said that while Britain's objections to the thrust of Emu and to aspects of political union "had not miraculously fallen by the wayside, these were now accompanied by an explicit statement that the UK was ready and willing to co-operate".

Much of yesterday's political union debate centred on the joint call by Chancellor Helmut Kohl of Germany and President François Mitterrand of France for a leap towards a common EC foreign and security policy to be piloted by the heads of government in the European Council.

There was a critical reaction from Prime Minister Ruud Lubbers of the Netherlands. In a letter to the Italian presidency, he complained that the Franco-German initiative would upset the existing balance among EC institutions which the commission and most member states wanted to maintain.

Mr Major lined himself with this camp when he said that the two conferences should adapt the community to the changes in Europe, while sticking "to our principles of free and open markets and the running of effective and responsible institutions".

The meeting was not totally preoccupied with the community's internal workings. It dealt first with the question of aid to the Soviet Union and eastern Europe. It agreed to channel Ecu1.15bn (£815m) of aid to Moscow.

Over dinner last night, heads of government and their foreign ministers were due to discuss the Gulf crisis, the impasse in the General Agreement on Tariffs and Trade talks and whether or not to relax sanctions on South Africa.

Mr John Major is greeted by the Italian president Francesco Cossiga before a lunch with EC prime ministers and foreign ministers in Rome yesterday

Major's charm is just the ticket

By Philip Stephens, Political Editor, in Rome

MR JOHN MAJOR delivered the promised change of style in his government's approach to Europe and held out the promise of shifts in substance if Britain's partners were patient.

What the tabloid press dubbed a "charm offensive" was evident even before the formal summit proceedings.

Mr Major stood in the lobby of one of Rome's smart hotels telling journalists that he was determined to be positive, constructive. His government was not interested in being consigned to the "slow lane" of a two-speed Europe.

The same message was delivered in bilateral meetings with his European colleagues. After his talks with Chancellor Helmut Kohl, British officials enthused that they were already on first-name terms. They did not need to add that, by the end, Mrs Margaret

Continued on Page 22

Inflation in UK falls to 9.7%

By Rachel Johnson, Economics Staff

UK INFLATION dropped from double figures to 9.7 per cent in November, providing Mr Norman Lamont with the most encouraging piece of economic news since he became chancellor.

After a gloomy run of statistics showing the economy heading for deep recession, yesterday's figures are evidence that the government's anti-inflationary policy of high interest rates is working as well as hurting.

The Central Statistical Office's retail prices index yesterday registered the start of UK disinflation with its first fall for three years. The drop of 1.2 percentage points in the annual inflation rate – from 10.9 per cent in October – was the biggest since April 1986.

Evidence of the economic decline accompanying inflation's easing was provided by other figures yesterday. These showed manufacturing output falling at the fastest year-on-year rate since the recession of 1981.

The City, however, is not expecting interest rate cuts to help industry. It heard the government announce this week that it would not risk cuts until sterling strengthened within the exchange rate mechanism.

The Treasury said the RPI had clearly peaked, pointing out that the last time inflation showed a bigger monthly fall was in the recession of 1981. Underlying inflation, which strips out the effects of mortgage payments and the community charge, had "probably" peaked.

Analysts agreed that this was likely given the unexpectedly sharp monthly drop in underlying inflation from 8.4 per cent to 8 per cent in November. This week, factory gate prices have also eased. Until evidence of a sharp slowdown began to mount this summer, analysts had expected

Continued on Page 22
Producer prices, Page 3
US output, Page 22

Welsh Water buys 10% stake in South Wales Electricity

By Clare Pearson

SOUTH Wales Electricity felt the rigours of the market place yesterday when Welsh Water announced it had bought a 9.95 per cent stake in share dealing this week.

Mr Wynford Evans, chairman of the newly floated regional distribution company, said the move by the fellow Welsh utility had come as a "complete surprise" to him.

"I'm not very experienced in stake-building but I should have thought they might have told us earlier," he said.

Flotation of the 12 privatised regional electricity companies took place on Tuesday and the stake cost Welsh Water £16.3m at an average price of 166p compared with the partly-paid issue price of 100p.

The two utilities also appeared to be at odds yesterday over the scope for co-operative cost-savings and joint ventures. Mr John Elfed Jones, the water company's chairman, said this had been part of the reason for buying the shares.

"We see them as a good, long-term investment in their own right. But having a stake should also help us co-operate; there are quite considerable potential savings," he said.

However, Mr Evans said: "Areas we have looked at so far are quite remarkably marginal and nothing that could be affected one way or the other by a shareholding."

The move puzzled the stock market which marked shares in both companies lower yesterday. South Wales closed down 1¼p at 165p and Welsh down 4p at 279p.

This was in spite of the simultaneous announcement by Welsh Water of better-than-expected interim results, showing a 20 per cent increase in pre-tax profits to £72.7m and a 16.3 per cent rise in the interim dividend.

South Wales is the smallest of the 12 regional electricity companies and has been seen as one of the most vulnerable to a predator once government prohibitions on a change of ownership run out. However, yesterday, this was seen as less likely to occur if the other Welsh company held on to its stake.

The government has a golden share in South Wales, given it power of veto over any change of ownership, lasting for five years. The company's articles also contain a 15 per cent limit on any single shareholding.

Welsh Water cited local depots, computerised billing systems and fleets of vehicles as possible areas of co-operation.

"And we have the same customers, we both dig trenches and put wires in them," Mr Elfed Jones added. He said he hoped to meet Mr Evans next week, although Mr Evans said no date had been agreed.

Shares in South Wales were priced to give the highest initial yield on flotation of all the 12 regional companies, to compensate investors for what were seen as the company's weaknesses.

Welsh results, Page 9
Lex, Page 22
Weekend III

MARKETS

STERLING
New York lunchtime:
$1.9326
London:
$1.9395 (1.944)
DM2.88 (2.8775)
FFr9.79 (9.7775)
SFr2.47 (2.46)
Y257.75 (257.0)
£ index 93.5 (93.5)

GOLD
New York: Comex Feb
$378.6 (376.1)
London:
$373.75 (373.0)

N SEA OIL (Argus)
Brent Feb
$26.35 (27.225)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime:
DM1.48825
FFr5.0555
SFr1.276
Y133.2
London:
DM1.4845 (1.4805)
FFr5.0475 (5.03)
SFr1.274 (1.2655)
Y132.9 (132.15)
$ index 60.8 (60.6)
Tokyo close: Y131.87

US LUNCHTIME RATES
Fed Funds 7¼%
3-mo Treasury Bills:
yield: 7.04%
Long Bond:
105 31/32
yield: 8.2%

STOCK INDICES
FT-SE 100:
2,168.4 (−3.8)
FT Ordinary:
1,701.2 (−3.7)
FT-A All-Share:
1,042.9 (−0.1%)
New York lunchtime:
DJ Ind. Av.
2,585.89 (−28.47)
S&P Comp
325.6 (−3.74)
Tokyo: Nikkei
24,349.5 (+293.47)

LONDON MONEY
3-month interbank:
closing 13 15/16% (13 27/32)
Liffe long gilt future:
Mar 89 29/32 (90 11/32)

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Bush threatens o call off alks with Iraq

. Peter Riddell, US Editor, in Washington

ESIDENT George Bush last ;ht stepped up pressure on ghdad to agree to early talks warning that he might call ; the proposed meetings :her than continue the pres- ,t wrangling.

There remains an element of rinkmanship. Before an evenng statement by Mr Bush, Mr Marlin Fitzwater, his press spokesman, said the President was not abandoning hopes to set up talks and was mainly expressing his frustration at Iraq's attitude.

The warning came as the Bush administration took an increasingly tough line over the Gulf crisis, brushing aside this week's release of foreign hostages and seeing no evidence that Iraq is complying with United Nations resolutions on withdrawal from Kuwait.

There has been a two week stalemate over the timing of a visit by Mr James Baker, the US Secretary of State, to Baghdad to see President Saddam Hussein. The US has suggested any time between December 20 and January 3, but has ruled out the Iraqi suggestion of January 12 as being too close to the January 15 UN deadline for Iraqi withdrawal.

Mr Tariq Aziz, the Iraqi foreign minister, was originally due to visit Washington next Monday, but the US has refused to confirm that meeting until an acceptable date is fixed for Mr Baker's Baghdad visit.

Senator Richard Lugar, a leading Republican member of the Senate foreign relations committee, said after meeting Mr Bush yesterday that the President was "prepared to have no meetings rather than to see a lot of shoving around. He believes that Saddam needs to get the point that it's Saddam who's in trouble and if we have no meetings, so be it." Sen Lugar added that if the Iraqi leader understood the strength of the international coalition by "watching television, I think the President is prepared to let it go at that."

Mr Bush proposed the direct contacts two weeks ago as a means of "going the extra mile for peace" to convey a direct warning to Baghdad. Sen Lugar said Mr Bush was tired of hearing people's assumptions that there was some other agenda or negotiating intent. "If we're not going to have any meetings, it would clear that up for good."

Giving evidence yesterday to the House armed services committee, Mr Dick Cheney, the defence secretary, said there was "no evidence" that Iraq plans to comply with the UN resolutions. He pointed out that Iraq had "continued the deployment" of additional forces in and around Kuwait.

He warned that if Iraq was allowed to succeed and keep Kuwait, it would "threaten all of those regimes that have stood with us" during the crisis, citing Saudi Arabia, other Gulf states and Egypt.

A new opinion poll, conducted for the New York Times and CBS News, shows that Americans are almost evenly divided about whether the US should take military action, or give sanctions more time, if Iraq does not withdraw by mid-January.

Young Saudis laugh off war fears

By Mark Nicholson
in Dhahran

ABOVE the din and glare of Dhahran's seafront on a Thursday night - the Saudi Arabian equivalent of Saturday night - the lights of another US air force Hercules or Galaxy transporter can be seen descending on a nearby air base every half hour or so, as the military build-up continues.

But in the thick of the din Dhahran's young Saudis have other things on their minds than a war which might be just weeks and 150 km or so away.

On the Corniche sand, one group of 100 or more Saudis in their long white robes clap and sing as companions take their turn dancing around an impromptu fire - Saudi break dancing, I was reliably informed.

Sleek and polished Chevrolets and Hondas cruise up and down the Corniche, while along the featureless strip of sand beside the road young Saudi men sit in calm circles beside their parked cars, chatting, smoking, drinking tea and playing cards.

Only an inquiring outsider, it seems, brings any thought of war, or Mr Saddam Hussein, to the conversation.

"Are we afraid? See for yourself," says Kaleed Al-Dalawi, a 23-year-old naval cadet enjoying spiced chicken and Pepsi, with eight friends in a lavishly carpeted picnic. He sweeps his arm over the panorama of circling cars and Saturday-night Saudis.

"People don't worry about war, because they think it is impossible," he says. He points to his white Honda and slaps his arms: "A car cannot fly, there cannot be war, that is what people here think."

But does Kaleed think there will be war? "Saddam sees what an army there is here. He will not fight because he will be destroyed. So he will make a deal," he says with perfect assurance, and to assenting nods from around the spiced chicken.

An hour of debate, mixed with much laughter, and the mocking presentation of a gas mask from a nearby car boot, produces the consensus that Mr Saddam was wrong and will either back down or be punished.

Mr Saddam, it is also firmly agreed, is neither a good Arab nor a good Moslem. "He speaks Arabic, but he is not a true Moslem," says Waheed Al-Qarni, another naval cadet. "What he did, for a Moslem, is taboo. We do not believe in aggression."

However, this smooth patina of confidence does not extend to all aspects of the present "problem," as they put it. Mention of the large and highly visible American presence, in particular, is greeted with unease.

"They do not follow our rules," says Kaleed. "They bring their rules with them and disregard ours." As a distasteful example, he cites the fact that US soldiers sharing his department's showers walk around undressed. "It is not right for a man to be seen naked."

But the unease clearly runs deeper. Kaleed philosophises: "Our leaders have been careful to take from other countries what is of use and leave behind what is not of use, and what is bad."

He points to the parade of new cars on the Corniche. "Cars, very useful, so we take them. There are other things, like drinking, which produce disease among the people and for which we have no need."

For the time being, Kaleed agrees, the American soldiers are useful. But, when the "problem" is over, then they must leave.

This comment, too, brings assenting nods from around the spiced chicken.

"The Americans just think our rules are old-fashioned. It is because they are old that we wish to keep them," says Waheed.

Workers clash with army and police on streets of two more cities

Albanian political violence spreads

By Judy Dempsey in London and Laura Silber in Belgrade

ALBANIA yesterday faced a second day of unrest after workers in the central steel city of Elbasan clashed with the army and police forces, and demonstrators took to the streets in the south-eastern city of Korce.

During the morning, thousands of workers in Elbasan, the country's third largest city which is located south of the capital, Tirana, shouted: "We want democracy," and "Down with Enver Hoxha." By the afternoon, the city was calm but tense.

Mr Hoxha ruled Albania with an iron hand for 40 years until his death in April 1985. He was replaced by President Ramiz Alia, a more pragmatic politician, who earlier this week bowed to students' demands by sacking half the politburo and promising free elections in February.

But hopes that a peaceful transition could take place were undermined on Wednesday after the authorities sent in troops to quash anti-Communists demonstrations in the north-western city of Shkoder.

Yesterday in Elbasan, the security forces, flanked by the army with armoured personnel carriers, clashed with at least 1,000 demonstrators. There were reports of injuries but, so far, no deaths have been confirmed. A western journalist who recently visited the city, described it as a "living hell."

She said the living and working conditions of the workers at the steel plants were "appalling" and the smoke and fumes emitted from the mills had completely polluted the valley in which the town is set.

The local cinema and bookshops were ransacked in yesterday's violence which was reminiscent of last year's Romanian revolution, when crowds smashed bookshop windows and threw out books written by President Nicolae Ceausescu. In Albania, Hoxha's writings are still on display.

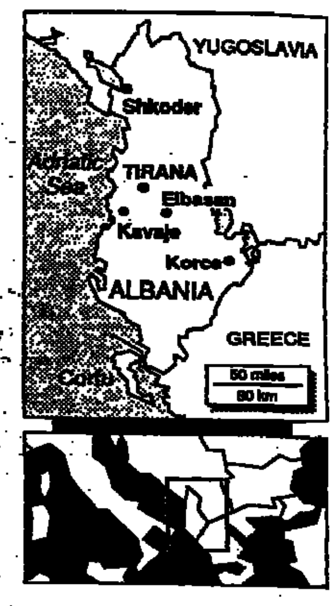
Intellectuals contacted by telephone said ordinary Albanians were unimpressed by the sackings and foresaw no change in the style of leadership. For the workers, the ruling Albanian Party of Labour (APL) is responsible for the decades of misery and deprivation under which they were forced to live. Intellectuals fear that *gjakmarrje*, or blood feuds, which have deep historical roots in this part of the Balkans, may supersede the first peaceful days of change. Clearly, the ALP is fighting for its survival.

Members of the Democratic Party, which held its first public meeting on Wednesday, repeatedly called for calm. Mr Gramoz Paskho, a professor of economics at Tirana's Enver Hoxha University, said earlier in the week that "a Romanian-style revolution must be avoided."

Meanwhile, reports of upheaval in Korce are also reaching the outside world and Albanians yesterday said the violence which took place on Wednesday in the western town of Kavaje, was far worse than first reported.

Like Elbasan, Kavaje is an industrial, polluted city. Furthermore, it has a long history of rebelliousness. Earlier this year, Mr Gjak Shtini, a worker, was imprisoned after he had attempted to set up an opposition movement.

MORE THAN 10,000 Romanian workers went on strike yesterday and marched through the western city of Timisoara, cradle of last December's revolution, calling on all unions to join a four-day-old students' protest, Reuter reports from Bucharest. Two days before the first anniversary of an uprising in Timisoara that led to the fall of Nicolae Ceausescu, workers from the city's five largest factories marched to the university campus protesting against falling living standards. The students are staging an indefinite sit-in to press demands for the resignation of President Ion Iliescu and the National Salvation Front (NSF) government. They accuse the NSF government of coming to power in a pre-planned coup on the back of a popular uprising.



Swiss bank abandons setting of money supply growth target

By William Dullforce in Geneva

THE SWISS National Bank yesterday abandoned a 12-year-old practice by deciding not to fix a money supply growth target for 1991.

The central bank says that it will keep monetary policy tight, to counter "persistently high inflation". But, in the light of current international and domestic uncertainties, it will retain greater flexibility to influence developments than a fixed monetary target would allow.

In particular, the bank intends to avoid excessive exchange rate fluctuations for the Swiss franc against the D-Mark and other currencies in the European Monetary System.

The central bank faces the dilemma of a domestic inflation rate of 6 per cent, considerably higher than the German rate, which has appeared just as the slowing Swiss economy may need some monetary stimulus next year. At the same time the bank's ability to act independently has been severely curtailed by international developments.

As long as the German Bundesbank, concerned about the growth in domestic demand following reunification, sticks to a restrictive monetary policy and keeps interest rates high, the Swiss bank has to defend the franc by following suit. To keep the D-Mark close to SFr0.85, it cannot allow Swiss short-term rates to fall much below those in Germany.

The high interest rates, translated into steep increases in mortgage payments, have provoked public discontent and even a recent public demonstration outside the bank's headquarters in Zurich.

In recent years the bank has set an annual target for growth in the seasonally adjusted monetary base (notes in circulation plus giro deposits with the bank). This year the base declined by 2 per cent instead of reaching the 2 per cent growth target.

Yesterday, the central bank said it had concluded that a medium-term money supply growth of around 1 per cent a year would be more adequate in stabilising Swiss prices.

How soon the money supply could be brought in line with this medium-term path would depend largely on exchange rate developments, the bank added.

An angry Jew protests outside the Tel Aviv factory where the stabbings took place

Israeli fury over three stabbings

By Judy Maltz in Jerusalem

THREE ISRAELIS were stabbed to death yesterday by Arabs in an aluminium factory in Tel Aviv, prompting an angry street demonstration by Jews chanting: "Death to the Arabs."

Police said they were looking for two Arab brothers, residents of the Gaza Strip, one of whom worked at the factory. They claimed the attack was carried out to mark the third anniversary of the establishment of the Islamic fundamentalist Hamas movement. Arabic graffiti, signed by Hamas, was found on the walls of the factory after the killings.

"This is a severe incident which nothing rivals," said Police Commissioner Ya'acov Turner. "There was only one reason for this murder: nationalism." Following the attack, a crowd of Jews gathered in the area and began stoning Arab cars and chanting anti-Arab slogans.

Jewish-Arab tensions have heightened ever since Israeli police shot dead 18 Palestinians on the Temple Mount in October. Since then eight Jews have been stabbed to death by Arabs and several others have been wounded in attacks.

The attacks have taken place in Israel's most heavily populated cities, Jerusalem and Tel Aviv, where many residents of the occupied territories work. In response to yesterday's attack, Mr Roni Milo, the police minister, said he would propose restricting the number of hours Arab residents of the West Bank and Gaza Strip could spend working in Israel each day.

In a related development, the minister yesterday rejected a request by the Temple Mount Faithful, an extremist fringe group of right-wing Jews, to hold services at the Temple Mount next week.

NEWS IN BRIEF

Fall in oil price helps trim French inflation

FRANCE'S INFLATION rate dropped to 3.6 per cent last month as falling oil prices put a brake on inflation, writes George Graham in Paris. Insée, the state statistical institute, said the consumer prices index fell by 0.2 per cent in November, the first month since February 1986 in which prices have come down.

Last month's fall in oil prices – after three months in which they had pushed the inflation index up by 1 percentage point – reduced the overall level of prices by 0.25 per cent, more than the total monthly reduction.

The Finance Ministry said, however, that the annual inflation rate, excluding energy prices, dropped to 3 in November from 3.1 per cent in October, demonstrating that domestic prices were well under control.

Government economists believe the annual inflation figure for the whole of 1990 will now be 3.5 per cent at worst, and could be 3.4 per cent as forecast in the budget.

German prices also fell by 0.2 per cent last month, so the inflation differential between the two countries remained unchanged at 0.6 of a percentage point.

Italian strike threat lifted

The threat of a general strike throughout Italian industry was lifted yesterday after employers and unions agreed on a three and a half year pay and hours deal, writes John Wyles in Rome.

They have now conceded a 16-hour cut in the working year in return for a lengthening of the term of the agreement. They have also managed to delay the changes until October 1 1993, when an eight-hour reduction will be implemented. The remaining eight will be cut from April 1 1994.

The remainder of the deal gives a L250,000 a month average pay rise during the life of the contract, and a lump sum of L840,000 as compensation for the 11 months since the last contract expired.

Morocco strike deaths

A Moroccan trade union said more than 20 people were killed and dozens wounded in the city of Fez yesterday when security forces clashed with demonstrators during a general strike, Reuter reports from Casablanca. The strike was called in support of a long list of demands including doubling of the legal minimum wage to 2,000 dirhams (£125) a month.

China oil offer to Philippines

Chinese Premier Li Peng yesterday offered to supply the Philippines with 300,000 tonnes of oil on credit – a welcome relief for the cash-strapped and energy-starved country, Greg Hutchinson reports from Manila. Oil supplies have dwindled to less than two months' supply. Foreign reserves are enough to fund only six weeks of imports. Mr Li made the offer during talks in Manila with President Corazon Aquino.

Bangladesh election date set

Bangladesh's acting President Shahabuddin Ahmed has called parliamentary elections on March 2, Reuter reports from Dhaka.

President Hossain Mohammad Ershad resigned last week following a violent campaign against him by 22 opposition parties.

SDP success in Nigerian polls

Nigeria's fledgling Social Democratic Party (SDP) won control of most local councils in the first party political elections for seven years, an electoral official said, Reuter reports from Lagos. The voting took place last Saturday. The SDP will head 232 local governments, compared with 206 for the conservative National Republican Convention.

Presidential and national assembly polls are due before an eventual military withdrawal in October 1992.

Thurn und Taxis dies

Johannes von Thurn und Taxis, one of Europe's wealthiest men, died yesterday in Munich following a second heart transplant, Katharine Campbell reports from Frankfurt. He was 64. His immense wealth, estimated at DM2bn-DM5bn (£600m-£1.7bn) stemmed from brewing, financial and extensive land interests. His youngest child and heir, Albert, is just 7 years old.

Drugs factory for Cork

Hafslund Nycomed, the Norwegian pharmaceuticals company is to build a NKr90m (£8m) plant in Cork to manufacture two of its newest products which are in the process of being registered with the US Food and Drug Administration, writes Karen Fossli in Oslo. The plant will produce Albunix, a contrast medium for use in ultrasonic examination, and S-041, a non-ionic contrast medium used in magnetic resonance imaging examination.

Algerian leader in Oman on Gulf peace mission

ALGERIA'S President Chadli Bendjedid arrived in Oman yesterday on the fourth stop of a Gulf peace mission clouded by Saudi rejection of talks with Iraq, AP reports from Muscat. He was welcomed by Sultan Qaboos on arrival from Iran. The Sultan is current chairman of the six-nation Gulf Co-operation Council, which also includes Kuwait, Saudi Arabia, Qatar, the United Arab Emirates and Bahrain. The Algerian leader visited Jordan and Iraq before Tehran.

HK plan to protect investors

By John Elliott
in Hong Kong

HONG KONG plans to negotiate investor protection agreements with its major overseas partners such as Japan, the US, and various European countries to provide guarantees for foreign-owned businesses after the colony reverts to Chinese sovereignty in 1997.

This has been discussed during the past few days with senior Chinese officials during meetings in Hong Kong of the Sino-British Joint Liaison Group, which is carrying out detailed preparations for the 1997 handover.

China is expected to approve the plan, which is in line with other international agreements being negotiated by Hong Kong to replace existing British arrangements on matters such as air traffic rights.

It was also agreed that Hong Kong will inform China of all government franchises, awarded during the next few years, to continue after 1997.

This illustrates the way China will gradually gain influence over Hong Kong's affairs as 1997 approaches. The franchises will include new arrangements being negotiated for modifying Hongkong Telecommunications' existing phone monopolies, plus a cable television franchise which would be awarded if recently shelved plans are revived.

British officials said after the talks that relations with the Chinese side had improved. More progress had been made on detailed issues than at any other meeting since relations were soured after last year's Tiananmen Square crisis.

● Germany has agreed development aid to China for 1990 of nearly DM300m (£104m), writes David Goodhart in Bonn. The aid has no political conditions attached but is meant to be directed towards environmental or other projects that help promote economic reform.

Germany claims to be one of the last industrial countries to establish normal aid ties with China after the massacre in June 1989. The Bundestag withdrew its ban on aid in October. In 1989, before the massacre, an aid package of about DM750m was agreed but that included DM460m earmarked for the Shanghai underground project.

German development aid as a whole is this year expected to rise by about 8 per cent.

● Germany's trade surplus for the first ten months of the year was DM90.3bn, about DM23bn less than last year.

MR ALLAN HAWKINS (above), ex-chairman of Equiticorp, the collapsed New Zealand investment company, and six former associates appeared in the Auckland District Court yesterday charged with fraud involving NZ$440m (£140m), writes Terry Hall in Wellington. His lawyer said the charges were totally misconceived. All defendants were released on bail until late January.

Mr Hawkins and one man whose name was suppressed are charged with defrauding Equiticorp Holdings Ltd and others over the provision and refinancing of NZ$338,145,000 for buying 92,961,000 shares.

Other charges relate to loans involving Elders Merchant Finance Ltd and Hongkong and Shanghai Banking Corporation.

Among those charged is Mr Hawkins' former deputy, Mr Grant Adams, who was based in Britain (where the group had a substantial investment in Guinness Peat).

Mr Charles Sturt, head of the Serious Fraud Office, said the prosecution had worldwide implications. He did not rule out further arrests.

Malaysia sees 8% growth

By Lim Siong Hoon in Kuala Lumpur

MALAYSIA'S economy is headed for 8 per cent growth next year, according to the budget unveiled yesterday, its fourth straight year of high real domestic growth. The 9.4 per cent rate achieved this year is a 14-year record and is also Asia's highest.

Mr Daim Zainuddin, the finance minister, warned, however that the economy faced problems and he had proposed a larger deficit budget in order to "sustain the momentum of growth."

He also announced radical tax policy changes to raise personal disposal income, spur petroleum exploration and boost commodity exports.

All export and import taxes on rubber, tin and pepper are to be scrapped; corporate taxes will be cut by 5 per cent to 35 per cent; and the progressive income tax structure reduced at all levels by 1-5 per cent.

The budget strategy appears designed to head off an expected decline in private consumption. This year's 15.9 per cent growth in consumption helped push expansion in output to near the double digit level despite weakening commodity exports.

There was no indication in the budget about how precisely inflation would be combated, except for Mr Daim's call on labour to restrain wages and improve productivity.

Malaysia's manufacturing exports next year are expected to grow at near this year's 25 per cent rate. Growth prospects of commodities are mixed, leaving the health of external trade in doubt.

Surging imports first punched a hole in the current account last year when the trade surplus stood at M$10bn. But, with export growth slowing from 18 per cent in 1989, the current account deficit, according to Mr Daim, is likely to increase eight-fold from M$400m last year to M$3.3bn this. Other analysts, however, estimate the deficit at around M$5bn, M$3.5bn more than earlier official forecasts.

Inflation is also climbing; next year it is expected to reach 5.7 per cent compared with 5.5 per cent in 1989 and under 4 per cent in 1988.

Zimbabwe farm land fears

By Our Foreign Staff

REPRESENTATIVES of Zimbabwe's 4,000 white commercial farmers are this weekend assessing the implications of legislation approved by parliament on Wednesday that will give the government powers to take private land, fix its price and deny landowners the right to appeal to courts for fair compensation.

Many white farmers fear that it will undermine confidence in a sector that accounts for 40 per cent of the country's exports, and discourage foreign investment.

The bill becomes law when signed by President Robert Mugabe. It repeals a "willing seller-willing buyer" constitutional provision that the government has used to acquire land for resettlement of peasant farmers since independence in 1980.

Although some 52,000 peasant families have been resettled on 3m hectares purchased from white farmers, the latter still own more than 40 per cent of the land – 12m hectares – most of it in the more fertile parts of the country.

Around 750,000 peasant farmers are crowded on to 15m hectares of generally poor quality "communal" farming areas.

The disparity goes back to the expropriation of land by the white settlers in what was Rhodesia from the 1890s onwards.

The division of the country into "European" and African areas was entrenched under the Land Apportionment Act of 1930.

White farmers argue that their land is efficiently used, and that their expertise is vital for export crops such as tobacco and horticultural products, as well as food crops such as maize.

The commercial agriculture sector is also the country's largest single provider of jobs.

The political pressures on government, however, are considerable, and the country's 3.5 per cent population growth rate is putting the already overcrowded communal farming areas under increasing strain.

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INTERNATIONAL NEWS

EUROPEAN SUMMIT

EC approves Soviet aid package

By John Wyles in Rome

EC HEADS of government yesterday gave broad approval to supply the Soviet Union with Ecu1.15bn (£810m) worth of grants and credits by the end of next year to respond to what President François Mitterrand of France described as "a general emergency."

They were unanimous in testifying to the urgent need to provide food and technical aid to help prop up the beleaguered President Mikhail Gorbachev.

Chancellor Kohl of Germany said he was concerned that there were now domestic moves under way within the Soviet Union to undermine Mr Gorbachev. Mr Mitterrand urged the IMF to speed up its study of Soviet financial aid requirements so that Mr Gorbachev could be given multilateral aid "while there is still time."

Although a number of leaders, including Mr John Major, the British prime minister, and Mr Ruud Lubbers, his Dutch colleague, are concerned that the balance of EC aid should not be tilted too heavily towards credits, it seems likely that the 12 will give formal approval shortly for Ecu250m of grant food aid and Ecu500m of credits for Soviet food purchases.

In addition, Ecu400m of credits will be supplied to fund technical assistance for management training in business and financial services, for the training of public administrators in the market economy, for creating social security systems suitable to a market economy, for food processing and distribution, and for energy.

Mr Major urged the Commission to organise a pan-European conference which would produce an international plan for developing and exploiting Soviet energy reserves.

Mr Jacques Delors, the Commission president, said Moscow wanted to divide its food aid between goods destined for general retailing and supplies for the area affected by the Chernobyl nuclear power plant disaster in 1986.

Grant food aid would need to be limited, said Mr Delors, to avoid unbalancing world food markets. It would also be necessary to ensure that food aid went through proper distribution channels and did not fall into the hands of profiteers.

Multilateral financial aid for dealing with the Soviet Union's balance of payments problems would have to be provided by the World Bank and the IMF. The new European Bank for Reconstruction and Development (EBRD) would not be able, because of statutory limits, to make more than Ecu180m available over five years, Mr Delors added.

On eastern Europe, he warned that there was a risk that general insolvency could stifle reform programmes. The EBRD and the IMF could make Ecu2bn a year available while the Community could participate in the aid programmes of the Group of 24 countries.

The heads of government generally agreed that the EC should contribute to G24 plans to provide Ecu700bn of credits to Czechoslovakia to help the convertibility programme for the koruna, together with Ecu100m of food aid for Bulgaria and Rumania, and a further Ecu150bn of energy aid for the same two countries. They also agreed to contribute to a G24 loan of Ecu500m to Hungary, and to release the second tranche of an earlier, purely EC loan to Budapest.

● Mr Taro Nakayama, the Japanese foreign minister, said yesterday that Japan would give food aid to the Soviet Union in January or February, but he gave no details, Reuter reports from Tokyo. He also told the budget committee of the upper house of parliament that Japan was considering medical aid worth up to Y500m (£1,94m) for Moscow.

● Germany's federal states are considering limits as low as 1,000 a year on Soviet Jews who want to start a new life in Germany, officials said, Reuter reports from Bonn. Interior ministers from the 16 states were debating a controversial immigration ceiling in Dresden yesterday.

Britain's John Major meets his Dutch counterpart Mr Ruud Lubbers in Rome yesterday

The decision of the German commercial banks to stop lending to the Soviet Union unless the loans are fully underwritten in Bonn is an "alarm signal", according to Mr Dmitrij Tulin an executive member of the Soviet State Bank, writes David Goodhart in Bonn.

Mr Tulin admitted, in an interview with the German magazine Wirtschaftswoche, that the Soviet Union was having problems serving its foreign debt. The short-term maturity structure of the foreign debt was part of the problem, with the main burden "unfortunately" falling next year. Mr Tulin said, however, that a major default should be avoidable unless some dramatic new difficulty emerged.

Soviet defence cuts exaggerated, says Nato

The Soviet Union is still spending far more on defence than Moscow has admitted, although it is cutting back in many areas now that the Cold War is over, Nato said in a special report yesterday, Reuter reports from Brussels.

Compiled by economic experts of the 16-nation western alliance, the report says Moscow spent between Rbs135bn and Rbs160bn on defence last year, compared with a figure of Rbs77.3bn given by Soviet President Mikhail Gorbachev.

In real terms, Soviet defence spending fell by 4 per cent last year and similar cuts were expected this year, according to the report.

The report says Soviet defence spending is likely to continue falling until at least 1995 as the country's economic crisis forces Moscow to devote more resources to the civilian sector.

The Nato report, based on both published and intelligence material, says Moscow does not include all defence items in its military budget.

It also says their pricing system does not reflect true costs – hence the discrepancy between the Nato and Soviet spending figures. The rouble is not freely convertible to western currencies.

Nato diplomats said the defence cuts were mostly in the sphere of conventional weapons, including tanks, armoured vehicles. The withdrawal of troops stationed in former eastern European satellites with looser links to Moscow had also contributed.

"There hasn't been that much change in Soviet production of nuclear weapons, particularly long-range nuclear missiles, and they are still modernising naval forces," one diplomat said.

Draft treaty treads narrow line

David Buchan looks at Mr Delors' blueprint for monetary union

AT TODAY'S opening of the inter-governmental conference, EC finance ministers will have before them the outline of a possible deal on monetary union.

The European Commission's draft treaty on monetary union constructs a delicate balance of power between those countries which want fast movement towards a single currency, and those which, for economic or political reasons, may want to delay, or opt out of, so final a move.

The Commission text will weigh heavily with many EC states, both because they want rapid progress and because they are used to working from Brussels' proposals. A spokesman for the Italian presidency said yesterday that the Commission's draft treaty would have to be "adjusted, trimmed," during the course of the IGC, expected to last well into next year.

With even Britain having effectively accepted the creation of a new monetary institution in a further, second stage towards monetary union, and its 11 EC partners having two months ago decided a 1994 deadline for this, most attention will be focused on what the draft treaty has to say about moving - sometime around 1997 - to a single currency with the EuroFed central bank in sole charge.

Mr Delors's legal blueprint lays out the following steps:

● Around 1997, the European Council or summit organisation of EC leaders shall assess "the results of market integration and of convergence of economic and monetary developments in the member states," and on this basis, "establish" that the conditions for moving from Stage Two (transition) to Stage Three (the single currency of the Ecu) have been met. Their aim, say Delors aides, is that this future EC summit would try to get consensus on the final big leap into economic and monetary union (Emu). But that summit could either vote itself, or push the issue to finance ministers to vote on it, these aides say.

● Once the time has been declared ripe for the final Emu stage, the Council of Ministers would start acting by a sort of super-weighted majority requiring at least eight states in favour. In particular it could "decide on the principle of a temporary derogation [exemption] for a member state which, because of economic difficulties, is not yet in a position to participate fully" in the final Emu stage. Britain could clearly avail itself of this.

● But if Britain were to seek such an exemption, it could no longer have any say in how fast other countries went ahead to a single currency. When these latter states come to decide exactly how on some Monday in the late 1990s or early 21st century they replace their currencies with a single Ecu, they would need unanimity, but only among themselves. As the Commission commentary to the draft says:"A state which benefited from a derogation cannot be an obstacle, either to the locking of exchange rates, or to the introduction of the Ecu, and cannot thus put a block on other member states achieving unanimity".

Another important gap filled by the Commission draft treaty concerns the degree of economic discipline required of countries moving towards a monetary union. Unlike monetary instruments, those of economic policy would stay in national hands. All that has been agreed so far is the rule that the EuroFed would neither finance a member state's debt nor underwrite it, and the vague principle of avoiding "excessive" national budget deficits.

The Commission has now laid out a system of peer group pressure to which the leaders of badly-managed economies would be subjected.

Deal close on maize dispute

By David Gardner in Brussels

THE European Community and the US are on the verge of settling a damaging trade dispute centring on American maize and sorghum exports to Spain, following a conciliatory meeting here yesterday between Mr Ray MacSharry, EC Farm Commissioner, and Mr Clayton Yeutter, the US Agriculture Secretary.

The meeting is understood to have improved the atmosphere for a resumption of serious negotiations in the Uruguay Round, which broke down last week.

EC officials said that a "peace package" on the Spain dispute would almost certainly be finalised on Monday. This was likely to take the form of a six months to one year extension of the agreement whereby Spain imports 2m tonnes of US maize and 300,000 tonnes of sorghum a year, to compensate American producers for business lost on Spain's accession.

Canada optimistic about resolving trade dispute

By Peter Norman, Economics Correspondent

THE WORLD need not suffer a trade war following the failure earlier this month of the Uruguay Round of international trade talks, Mr Michael Wilson, the Canadian Finance Minister, said yesterday.

He told the Financial Times there was a good possibility of success even though agricultural trade "is a very real problem".

Mr Wilson said that "some very good progress" had been made on a range of issues outside agriculture during the recent Brussels negotiations to liberalise the General Agreement on Tariffs and Trade.

These included the talks covering services, subsidies, investment measures, intellectual property, and government procurement. The negotiations had produced a text on financial services from a "blank piece of paper at the beginning of the week," he added.

In an interview, Mr Wilson said he hoped that progress would follow the Rome meeting of the European Council and the meeting next week between US President George Bush and Mr John Major, the British prime minister.

However he warned that the trade talks could not be left unresolved for too long. Not only was the US's fast track negotiating authority of limited duration, but delay would add to pressures in individual countries to revive practices that were irritants to trade.

Mr Wilson underlined that Canada was keen to see progress in the multilateral trade negotiations. His country wanted to broaden its trade relations from the present position where the US accounts for 75 per cent of Canada's trade. It wanted reform of agricultural trade to ease the fiscal cost of farm support.

EC cordless phone pact

A PAN-EUROPEAN cordless telephone network took a step nearer reality yesterday when European Community telecommunications ministers agreed on the necessary technology, AP reports from Brussels.

The ministers agreed all 12 EC countries should adhere to standards to be set next year by the European Institute of Telecommunications.

The institute is researching a system called Digital European Cordless Telephones, which allows a large number of calls to be squeezed into the same frequency space.

The system overcomes one of the major problems with cordless telephones – call delays because of overcrowded circuits.

It is estimated that the technology could increase capacity threefold over the next two years.

The ministers agreed to reserve a frequency band, between 1880 megahertz and 1900 megahertz for the cordless telephone system.

UK NEWS

Guinness defendant granted legal aid

By Raymond Hughes, Law Courts Correspondent

LORD SPENS, one of the three defendants still awaiting trial in the Guinness affair, has been granted legal aid.

That decision will enable him to be represented by a barrister instead of conducting his own defence.

Lord Spens said yesterday that a condition of his legal aid certificate was that he could be required to contribute up to £100,000 towards his costs at the end of the trial.

Since his arrest in March 1988, his legal costs had totalled about £300,000, he said. Next week his stamp collection is to be auctioned to raise funds. Thirteen months after his arrest Lord Spens, former corporate finance director at the Henry Ansbacher merchant bank, announced that he could no longer afford his lawyers. He now runs a corporate finance consultancy called Castlecrest.

Lord Spens said the "haemorrhaging of cash" had to stop because it was putting a burden on his family and employees that he could no longer ask them to bear.

The next trial is scheduled to start on January 14 at Southwark Crown Court in London before Mr Justice Henry.

Lord Spens faces two charges: one of false accounting and one of conspiring with Mr Roger Seelig, former Morgan Grenfell corporate finance director, who is also charged, to contravene the Prevention of Fraud (Investments) Act.

The third man facing trial is Mr David Mayhew, senior corporate finance director of Cazenove, the stockbrokers.

Computer to speed up prosecutions

A £3.8m computer project designed to speed up the work of the Crown Prosecution Service was given the go-ahead yesterday.

The project – called Standard Case Operations (Scope) – will enable CPS staff to track the progress of a case from the time files are received from police through the court system to conviction, sentencing and beyond.

Introduction of the system comes in the wake of recriminations among police, magistrates and CPS lawyers about mislaid paperwork and court delays.

Mr Allan Green, director of public prosecutions, said the project would speed up access to information on the 1.6m cases the CPS handles each year.

"This is a key project for the CPS," he added.

It would also provide the framework for future developments within the CPS and in the criminal justice system generally.

The system, which will provide 120 computer terminals at CPS offices throughout England and Wales, is expected to take a year to develop.

It will be installed initially in Norfolk and Suffolk and phased in throughout the country over a further two years.

Decline in manufacturing output fastest since 1981

By Peter Marsh, Economics Staff

MANUFACTURING output is falling at the fastest year-on-year rate since the recession of 1981, according to government figures yesterday.

October manufacturing production figures released by the Central Statistical Office showed output declining at an annualised rate of 3 per cent on a seasonally adjusted basis.

Since manufacturing production reached a record in April, it has declined in each subsequent month. The rate of decline appears to be increasing, reviving memories of the steep losses in output which affected the sector a decade ago.

Last month the CSO said that, on the basis of figures for September, output by manufacturers was declining at between 1 per cent and 2 per cent on an annualised basis. In August the trend was flat.

The figures bear out the tone of recent gloomy surveys from the Confederation of British Industry and show that the decline is affecting virtually all areas of manufacturing, apart from food, drink and tobacco.

Reflecting recent rises in average earnings across industry, unit labour costs in manufacturing in the three months to October were 10 per cent higher than a year earlier, according to separate data from the Employment Department. The comparable figure for the three months to September was 9.5 per cent.

Manufacturing output per head in the three months to October, meanwhile, was 0.3 per cent lower than a year earlier. In October, according to the CSO figures, manufacturing production fell by a provisional, seasonally adjusted 0.9 per cent after a revised 0.8 per cent fall in September. In the three months to the end of October, manufacturing declined by 2.5 per cent compared with the previous three months.

The drop in output by manufacturing businesses in October was offset by a 3 per cent increase in production in that month by the energy and water industries.

That extra activity, explained mainly by expanded production by the oil sector after recent shutdowns because of safety work, meant that the output of all production industries increased by 0.2 per cent in October. In September output fell by 0.2 per cent.

Output by all production industries in the three months to October was 2.5 per cent down compared with the previous quarter.

On the same quarterly basis, output by manufacturing sectors involving metals, engineering, textiles, chemicals and mineral products has fallen by 7.9 per cent, 3.6 per cent, 1.8 per cent, 1.7 per cent and 0.5 per cent respectively. The only large manufacturing area to have shown an increase in output over the last quarter compared to the previous one is the food, drink and tobacco sector, which showed additional production of 1.6 per cent.

New life for Old Masters

By Antony Thorncroft

OLD MASTER paintings, long overshadowed by Impressionist and 20th century art, are showing much more resilience in the recession now affecting the antiques market.

A painting of Saint Joseph and the Christ Child by Murillo sold for £2.42m at Christie's in London yesterday. That was above its top estimate and much more than the previous record of £1.55m paid for the work of this 17th century Spanish artist. The buyer was Gallerie Bruno Meissner of Zurich and Paris.

Murillo's Saint Joseph and the Christ Child

Murillo was held in the highest esteem in the 19th century, but his concentration on religious themes reduced his popularity in this century.

A second painting by Murillo, of Saint Rosa of Lima, sold for £286,000. Spanish art in general is enjoying a revival, and 11 paintings from the celebrated collection of William Stirling of Keir in Scotland, one of the first British buyers in this field, sold for a total of £710,600.

Unlike 19th and 20th century art, Old Masters tend to be bought by connoisseurs rather than speculators and their prices have increased only modestly in recent years. The morning session of the sale totalled more than £8m with a reasonable 21 per cent unsold.

Another record for work by an artist was £308,000 paid for a portrait of a lady by Bernardino de' Conti, a Milanese follower of Leonardo who for many years has been credited with this painting.

A late Venetian painting by Canaletto sold for £242,000.

Sellers had been persuaded beforehand by Christie's to reduce their estimates and their reserve prices, but the auction brought back some confidence to an art market depressed by poor auctions of Impressionist and Modern art last week.

Minister appeals for Gatt progress

By Ivor Owen, Parliamentary Correspondent

FAILURE to agree on further progress in liberalising world trade would have a devastating effect on developing countries, Mrs Lynda Chalker, minister for overseas development, said in the Commons yesterday.

She appealed to the US and Britain's partners in the European Community to ensure that, when the negotiations on the General Agreement on Tariffs and Trade (GATT) were resumed in January, there was no repetition of the breakdown which took place in Brussels this month.

Emphasising that developing countries needed trade just as much as they needed aid, Mrs Chalker said that three quarters of their income came from trade and only a quarter from aid.

"The job we have to do in January when the talks are resumed is absolutely critical for the future of the developing countries," she said.

Mrs Chalker described the situation in the Horn of Africa as "desperate". She added: "It is already clear that there will be severe famine and widespread loss of life in Ethiopia and Sudan unless action is taken by the international community to help these desperate people."

Mrs Chalker said that so far this year the government had provided more than £23m in emergency aid for Ethiopia and Sudan.

Mrs Ann Clwyd, shadow overseas aid minister, attacked the government for the "dramatic fall" in Britain's overseas aid budget – as a proportion of gross national product – since Labour left office in 1979.

She said the government did not have a coherent overseas aid policy.

Footing the personal pensions bill

Eric Short reports on the heavy cost of one of the government's radical reforms

THE new-style personal pensions, introduced in 1988, were the centrepiece of the government's radical pension reforms.

Last week's annual report by Mr John Bourn, comptroller and auditor-general, spelt out the cost of personal pensions to the National Insurance Fund since 1988. It is expected to total £5.9bn at today's prices between then and 1993.

The genesis of that cost lies in the reforms themselves and the reasons behind them.

One of the stated objectives of the changes was to reduce the involvement of the state in pension provision by enabling employees to contract out of the state earnings-related pension scheme (Serps).

To achieve this objective the government adopted a carrot-and-stick approach. The stick was a heavy cut in benefits provided by Serps, so that employees wanting an adequate pension in retirement had to make their own arrangements outside the state scheme.

The carrot was a very favourable rebate for contracting out of Serps.

Employees leaving Serps, and their employers, receive a reduction in their national insurance contributions because they are providing the equivalent Serps benefits themselves. The government has set the rebate at 5.8 per cent, whereas the government actuary had calculated that a figure of 5.4 per cent would be correct. Thus employees and their employers received a larger slice of the national insurance contribution to invest in a personal pension than was justified on prudent actuarial grounds.

In addition, the government paid an additional incentive contribution of 2 per cent of earnings (still described as a bribe by Labour MPs) for employees contracting-out of Serps for the first time with a personal pension.

Contribution income to the national insurance fund is therefore cut by the generous rebate, and the government makes incentive payments.

The Department of Social Security has never tried to disguise the cost of the scheme.

The last publicly available report of the Government Actuary on the financial state of the National Insurance Fund showed that personal pensions were expected to cost the fund £2.6bn in 1989/90 (£1.9bn on the rebate and £0.7bn for incentive payments) and £2bn in 1990/91 (£1.5bn rebate and £0.5bn incentive payments). The government argued that those payments would eventually be recouped through lower benefit payments, although the DSS was unable to supply Mr Bourn with detailed figures to support that contention.

It was left to Mr Bourn to commission a firm of actuaries to provide the figures. The firm's report showed that, while the cost of rebates and incentive payments over the period 1988-93 would be £9.3bn, the corresponding saving in benefits would be only £3.4bn. The DSS has not contested those figures.

The cause of that imbalance lies in the form of the rebate.

Normal actuarial practice would require the level of rebate to vary with sex and age.

The government actuary has calculated that, for a man aged up to 24, Serps benefits could be replaced with a rebate of 2.2 per cent. For a man aged 55, it would require 9.0 per cent. So, with the rebate fixed at the equivalent of 5.4 per cent, contracting out of Serps is much more advantageous for a young employee than for an older one.

Selling personal pensions to contract out of Serps was easy for any life company salesman or independent financial adviser – and 4m employees, mainly younger ones, have been sold such contracts at a cost to the National Insurance Fund.

But the offsetting benefit savings will not be available because employees have the option of rejoining Serps at any time. Life companies insist that employees who contract out will be advised at the appropriate time to rejoin Serps.

The government is unlikely to do anything about this situation before a general election.

It was once thought that the government might use the apparent success of personal pensions as a reason for winding up Serps and would seek a mandate to do so. It is now thought that nothing will be said and that the present situation will be allowed to continue. But if the Conservatives win the next general election they will have to act in 1993. That is when the incentive payment is due to end and the rebate is due for review. The rebate is expected to fall; the government actuary anticipated a level of 4.8 per cent.

On those terms it would be advantageous for men in their mid-30s to go back into Serps, and the government might find a steady flow of employees back into the scheme, thereby defeating its original objective. It is not clear what action it could take to avoid that.

The Labour party says it would scrap all those changes and encourage employees who have contracted out of Serps through a personal pension to return to Serps. Pledges to those opting out would not have to be fulfilled until after the year 2000.

NEWS IN BRIEF

Warning to Vauxhall car workers

AN IMPLICIT warning that UK vehicle workers risk pricing themselves out of the European market was delivered yesterday by Mr Paul Tosch, chairman of Vauxhall, General Motors' UK subsidiary.

Vauxhall's UK pay rates had increased by 50 per cent during the past four years, compared with only 20 per cent at GM's Opel's plants in Germany, said Mr Tosch.

UK recession and the plunge in new car sales – in the opening days of December they were running more than 20 per cent below levels of a year before – will also mean a decline in Vauxhall's profitability from the £236.3m achieved last year, he warned.

Royal compensation

ROYAL Insurance has announced that it will make immediate interim compensation awards to investors who between them lost several million pounds as a result of the activities of Mr Bob Kissane, a former appointed representative of Royal Life.

Total losses are estimated at £8m by Royal, which agreed to make interim payments of up to £5,000 to 160 investors who had supplied full information to the company's investigators. Payments of up to £2,000 are to be made to some other investors. In addition Royal is to make priority ex-gratia payments of £500 to families in danger of losing homes which were re-mortgaged.

Mr Kissane was arrested and charged with theft in early October.

Student applications

ONLY one student in 10 has asked for a cash advance during the first academic term of the student loan scheme, the Student Loans Company, which runs the government-funded project, said. More students were likely to apply later in the academic year, it added.

School closures

GOVERNMENT policies which allow schools to opt out of local authority control do not prevent the closure of schools which are too small to be viable, Mr Kenneth Clarke, education secretary, said yesterday.

Mr Clarke was answering a Commons question about an Audit Commission report which said nearly a quarter of all primary school places were vacant.

Bank administrators

AUTHORITY Bank, London property lending specialists, has called in the administrators. The bank had assets of £40m, comprising £20m of loans and £20m of cash.

Eating habits

CONSUMERS ate less of most foods except fish in 1989, according to the annual report of the National Food Survey Committee. Average weekly expenditure on food per household rose from £10.77 to £11.50.

Customers of Lowndes likely to win refunds

By Clay Harris, Consumer Industries Editor

THE ADMINISTRATOR of the deposit insurance scheme at Lowndes Queensway, the furniture and carpets retailer which collapsed in August with debts of £242m, now expects all customers to receive full refunds by the end of March.

Mr Jonathan Phillips of Price Waterhouse, the accountancy firm, said: "I'm beginning to feel more confident that we can pay people 100p in the pound."

His confidence is tempered, however, by the possibility that credit card companies – which have begun to refund their customers under the Consumer Credit Act – might try in turn to claim against the insurance scheme.

According to the administrative receivers' recent report to Lowndes' creditors, customers were owed a total of £15.7m including deposits made on credit cards.

The policy taken out by directors in January provides cover for £15m, but that must also pay for administering the scheme.

More than 20,000 claims were submitted by November 30 – an unofficial deadline. Although his firm is still accepting claims, Mr Phillips believes very few are outstanding.

Although 40,000 people registered for insurance forms, fewer claims were made, some customers received credit-card refunds and the receivers allowed others' orders to proceed.

Creditors of Lowndes have been told, meanwhile, that it had a net deficiency to creditors of nearly £175m on August 14, the day before Mr Terry Carter and Mr Nigel Hamilton of Ernst & Young, the accountancy firm, were appointed receivers.

Only 147 of the 430 outlets Lowndes had before the collapse are still trading; 33 of these are Queensway furniture stores and 116 are carpet retailers trading as Carpetland, Mad Max and General George. The stores now operate almost entirely on a cash-and-carry basis, Mr Carter said.

The receivers have sold or agreed to sell 110 other stores in transactions expected to raise between £25m and £30m. The rest so far have simply been closed. The workforce has been reduced from 3,400 to 1,200.

Any money which is raised will go to preferential creditors, who are owed £5m, and a syndicate of banks, which is owed £180m excluding interest charges that have accrued since August.

Unsecured creditors and shareholders have no chance of recouping any money, according to Mr Carter.

Under the terms of the insurance policy, payments to claimants can be made 67 days after the company is wound up.

If the receivers' winding-up petition is approved as expected on January 23, refunds may be sent out by March 31 next year.

Administrators of Polly Peck examined

By David Waller

THE professional conduct department of the Institute of Chartered Accountants in England and Wales has written to the three administrators of Polly Peck asking for details of their firms' business involvement with the group.

The letters ask Mr Michael Jordan and Mr Richard Stone of Coopers & Lybrand Deloitte and Mr Christopher Morris of Touche Ross, appointed administrators on October 25, for comment on reports of conflicts of interest published in recent issues of Accountancy Age, a weekly magazine.

The purpose of the inquiry is to establish whether there are any grounds for a full disciplinary investigation.

Coopers did work for family interests of Mr Asil Nadir, Polly Peck chairman, and Deloitte's Japanese arm audits Sansui, which is a Polly Peck subsidiary.

It was because of potential conflicts of interest that Mr Morris was appointed a third administrator in the first place, to cover any conflicts that might arise as a result of Coopers' links with Mr Nadir.

The institute also asked for copies of the affidavits given to the court by the accountants when they were appointed administators. The three had been required to state any potential conflicts of interest in their affidavits.

Touche Ross yesterday confirmed that Tohmatsu, the Japanese member of the DRT International network to which Touche Ross belongs, audited Sansui Electric, the Polly Peck subsidiary bought in late 1989.

The firm said, however, that "this constitutes no conflict of interest so far as Mr Morris' appointment is concerned".

In a statement made earlier this week, Coopers said that it emphatically denied the inference contained within an Accountancy Age article that "a deliberate attempt was made to mislead the courts over possible conflicts of interest in connection with Mr Nadir's personal interests".

Labour claims grant change will push up poll tax

By Alison Smith

POLL TAX bills will be higher next year as a result of a decision by ministers not to continue with this year's arrangements for front-loading central government grant to local authorities, Mr Bryan Gould, the shadow environment secretary, said yesterday.

The grant for the current year was heavily front-loaded to help local authorities with the costs of setting up the new and more expensive collection system for the first year of the community charge in England and Wales.

But a government letter sent on Thursday to local authorities says non-poll tax sources of income for local government next year are spread much more evenly over the 12 months.

This has led to fears that local councils, particularly those most dependent on central government grant, could still face problems next year because of continuing difficulties in ensuring that the poll tax is paid promptly, or at all.

"Councils will be forced to borrow to ease their cash flow, and the resulting debt charges will force up the poll tax even further," Mr Gould said.

Councils were likely to face even more difficulties in collection next year because of "expectations falsely raised by the government that the poll tax will soon go", he said.

The government's plans for providing the revenue support grant (RSG), and for local authorities' collection and receipt of the business rate in 25 instalments next year were set out in a letter to the chief executives of local authorities.

It says that this method of payment "should ensure that authorities who are diligent in collecting the community charge and non-domestic rates next year will be able to maintain an adequate cash flow".

When the RSG and the business rate were taken together, the Environment Department said, they would provide a fairly even spread of resources throughout the year.

The RSG instalments will increase in the last two months to take account of the reduction then in the authorities' income from the business rate, which will mostly be paid over 10 months.

Mysterious case of the disappearing voters

Tony Andrews

Counting them all in: ballot boxes being opened in Wandsworth, where voter registrations have increased

John Authers on the effect of the community charge on electoral lists

HIGH poll tax levels appear to be deterring people in England from registering to vote.

Draft figures for local authorities across the country are showing drops in electoral registrations so far this year. The falls tend to be greatest where the poll tax is highest and the biggest declines appear to be concentrated in inner London.

The electoral registers are due to be completed in February and some councils expect registrations to rise in the next few months. However, several said the task of gathering names for the register was proving difficult.

In Lambeth, south London, which has the highest community charge in the country at £521.63, the draft register is down 6,631 on last year to 170,850 so far this year.

Haringey in north London, the other council with a poll tax above £500, has also registered a drop of 5,357 to 149,649.

Electoral rolls are falling in other London boroughs with relatively high poll tax levels: Camden is down 4,500 so far to 122,614 and Waltham Forest down 4,990 to 158,193, although the council says it expects the final figure to be higher. Brent has dropped by 3,621, Newham by 1,249, Southwark by 1,100, Greenwich by 1,000 and Hackney by 563.

But in Wandsworth, where the poll tax is the lowest in England, draft figures show a rise in voter registrations from 194,769 to 197,138.

The Department of the Environment dismisses as "daft" suggestions of a link between the poll tax and falling electoral registers. The right to vote is in no way linked to paying poll tax it says, pointing out that the forms for the poll tax and for the electoral register are separate.

Birmingham, which has the largest electoral registration area in England bucks the trend. Its registrations are running at about 96 per cent of last year's 736,000, but the council says it has had to work hard to get that figure.

Mr Peter Hatch, Birmingham's elections officer, says: "We had a very large publicity campaign this year, in anticipation of decreased response because of the poll tax. We would most definitely have had problems keeping people on the register otherwise."

Birmingham trebled its publicity budget, from £2,800 to £9,800, for the electoral drive. Canvassers reported strong hostility. The Association of Metropolitan Authorities found similar problems in the north-west and the Yorkshire area.

The Association of District Councils say problems are in general not as severe in shire districts.

Pendle in Lancashire, where opposition to the charge has been strong and the local Conservative MP, Mr John Lee, is strongly against, the electoral register has fallen. Last year, it was up by 567 but on the current estimate it will decrease by 349 this year.

Pendle says: "Most people think it's because of the community charge. Canvassers said we didn't get the 75 per cent of forms returned that we usually do, and those who didn't send in a form were much more difficult to get information out of at a later stage."

In Adur, West Sussex (poll tax £350), which covers Shoreham and Lancing, the draft figures show a fall of 896 voters, to 45,989. Canvassers report that people make a direct link between the poll tax and voting registers, and the council attributes the drop to anti-poll tax hostility.

The electoral and the community charge registers are separate documents, independently compiled. Community-charge registration officers have access to more information, including social security records, than electoral registrars.

But the electoral register is a public document, and can be consulted when compiling lists of people liable to pay poll tax, although its use is limited as it is a "snapshot" of people's location on a certain day.

The experience in Scotland suggests that voters are learning the difference.

The Convention of Scottish Local Authorities found that the numbers registering for the community charge register dropped by 2.2 per cent across the country from the beginning of September 1989 to July 1990. The steepest drop, of 4.4 per cent, was in Lothian.

But Lothian, which tightened its registration methods in 1989, has over the same period seen an increase in its electoral register. In 1989, following a fall of about 20,000 in 1988, Lothian had 593,882 registered voters. This year the figure has risen to 597,156.

Childcare provision is criticised

By Diane Summers

THE UK is lagging behind other European Community countries in the provision of childcare and maternity rights, the European Commission said in a report yesterday.

All other EC countries make maternity leave available to all women, with the full period of leave covered by earnings-related payments, the report says. In the UK eligibility conditions exclude many women, and only six weeks are covered by earnings-related payments.

The study adds that the UK and the Irish Republic are alone in not providing any publicly funded services for children of working parents. It says the gap between the best and poorest childcare providers in the EC has widened over the past five years with Denmark now spending nearly seven times as much per head of population on childcare services as the UK.

Ms Christine Crawley, Labour MEP for Birmingham East and chairwoman of the European Parliament's women's committee, said the study showed a need for improving provision in all countries, particularly for children under the age of three.

"The whole of the European Community has a long way to go, but the UK is still at the starting block as far as most of the other member states are concerned," Ms Crawley said.

"We hear a great deal about the need in the 1990s to tap women's skills and talents," she continued. "Until there is a full network of publicly funded childcare facilities, such statements are valueless."

Parental leave – time off also for both parents – is now offered in seven countries, the report shows, but only Denmark has statutory paid paternity leave.

Childcare in the EC 1985-1990. European Commission, Jean Monnet House, 8 Storey's Gate, London SW1P 3AT. Free.

Nalgo loses in council contracting-out case

LOCAL authority catering workers and their union yesterday failed in the High Court to stop Hertfordshire County Council awarding the catering contract for Hertford's county hall to a private company.

Mr Justice Macpherson refused them permission for a judicial review, saying they did not have a valid case.

The National and Local Government Officers Association (Nalgo) and 11 of its members, including catering managers, clerks, kitchen assistants and cooks, accused the council of "unfair and unlawful" conduct and of flouting the laws drawn up to ensure that tendering procedures were administered fairly.

Their counsel, Mr Philip Engelman, told the judge that tenders were submitted by the local authority's own labour organisation, DSO, and two outside contractors, Gardner Merchants and Capitol Catering.

He claimed that the council unfairly offered Gardner Merchants the opportunity to reduce its bid to below that of its nearest competitor, DSO.

The judge said the contract awarded to Gardner Merchants was due to start on January 1. The council had stated that "major disruption" would be caused if the new arrangement had to be unscrambled as a result of a High Court hearing.

The court had been told that some of the applicants supporting the Nalgo action were unemployed. Others had obtained jobs with Gardner Merchants but believed they would be worse off than they would have been if DSO had won the contract.

The judge said: "I have taken a snapshot of the Nalgo case and am firmly convinced that it is not arguable."

By taking "sensible and reasonable" action, the council had achieved a lower tender price by some £14,000, which was favourable to community charge payers. The authority had not acted in breach of its statutory duties.

Nalgo was ordered to pay the council's legal costs.

B&C offshoot in administration

By Richard Waters

A SUBSIDIARY of British & Commonwealth, the financial services group which collapsed earlier this year, has itself been forced into administration by legal claims from unhappy clients.

R.J. Shrubb, a Bristol-based actuarial company, is being sued by a number of the 600 pension fund clients on whose behalf it deposited £38m in British & Commonwealth Merchant Bank. That has been frozen since the bank itself went into administration in June.

A handful of funds are suing Shrubb on the grounds that they were told their money had been deposited at Coutts & Co, rather than BCMB.

The Investment Management Regulatory Organisation has already ordered Shrubb to repay £250,000 of undisclosed interest to these pension funds. This was the difference between the interest earned on the BCMB account and the amount shown by Shrubb to have been earned on the Coutts account.

To protect itself from the claims and to allow itself to continue trading, Shrubb's directors petitioned for – and yesterday obtained – an administration order.

The administrators, from Price Waterhouse's Bristol office, have three months in which to propose a scheme for Shrubb to continue trading. Should BCMB's deposits be unfrozen and the clients regain their money in full, Shrubb could emerge from administration to continue as before.

Winding-up order against company

By Eric Short

A WINDING-UP order has been made against Kentascot, a financial services company based in Battle, East Sussex.

The petition was presented under Section 105 of the 1986 Financial Services Act after investigations earlier this year which revealed that the company was operating an unlicensed and unauthorised investment business.

The Department of Trade and Industry said the company's affairs had become inextricably mixed with those of another private investment business operated by Mr P.F. Owen-Jackson, its principal director, trading under the name of Financial Planning Services.

A bankruptcy order was made against Mr Owen-Jackson in October.

The Official Receiver, Mr Michael John Pugh, was appointed provisional liquidator in September.

The Securities and Investments Board first received complaints about Mr Owen-Jackson in June.

NatWest seeks job-loss volunteers

By David Barchard

NATIONAL WESTMINSTER, second largest of the "big four" clearing banks, confirmed yesterday that it had written to 3,500 of its 110,000 staff seeking volunteers for early retirement or redundancy.

The staff affected all work in NatWest's corporate and institutional banking divisions where the bank wants 300 job losses.

NatWest first announced in August that it might be seeking to shed 300 jobs. The cuts are part of a larger streamlining operation announced more than a year ago when the bank said that it planned to eliminate up to 11,000 jobs over the next three to five years.

Other large banks reducing the number of employees include Lloyds, which has shed 2,000 jobs so far this year; Midland, which plans to cut 4,000 jobs; and TSB, which has cut 3,000 jobs in the past year. BZW, the merchant banking arm of Barclays Bank, shed 39 broking jobs earlier this week.

● Laing & Cruickshank, the institutional stockbroking arm of Credit Lyonnais, yesterday laid off 23 of its 180 UK equity market staff.

Mr Michael Kerr-Dineen, chief executive of institutional equities, said there would be no reduction in the firm's coverage of the market.

First fall in average rents registered

By Vanessa Houlder, Property Correspondent

AVERAGE property rents have fallen for the first time, according to a survey published yesterday.

The Investors Chronicle Hillier Parker All Property Rents index fell by 3.5 per cent in the six months to November 1990. The fall, after adjusting for inflation, was 9.5 per cent.

In the past six months all sectors except industrials registered falls in rent.

Offices have been the sector most affected, with a fall of 1.3 per cent over the year and a fall of 8.5 per cent over the past six months. They have been hit by oversupply and lower-than-expected demand, particularly in central London, where rents have fallen by 17.3 per cent in the past six months.

The survey says the worst affected area was Holborn and Marylebone, where rents fell by 19.7 per cent in the six months to November.

The slowdown in consumer spending, together with the introduction of the uniform business rate, resulted in a fall of 0.2 per cent in shop rents over the past six months. Central London suffered the largest fall, of 3.2 per cent.

Industrial property has been the most buoyant sector, with a rise of 8.9 per cent for the year. The best performance came from the Yorkshire and Humberside area, where industrial rents rose by 40 per cent over the year.

The index is based on rental values for vacant property. Because of the upwards-only rent reviews on commercial property, however, tenants cannot take advantage of a fall in rents unless they move.

WHAT 200,000 ROMANIAN CHILDREN WANT FOR CHRISTMAS.

A toilet costs £70. Some of the children have never seen one.

When most children write their Christmas list, they start by asking for all the things they want.

The children in the Romanian orphanages can't write. Many of them have never learnt to talk. But there are still many things they desperately need.

There are three year olds in the orphanages who have never had a bath. Four year olds who have never worn a shirt. Five year olds who have never sat on a potty or a toilet.

Many of them will never have eaten solids, or slept in a proper bed.

They lie in vast unheated wards, supervised by just one or two minders to every hundred children.

That's why this Christmas we're trying to rehouse as many children as possible, in houses that your donations will fund.

The more you give, the more children will be rehoused.

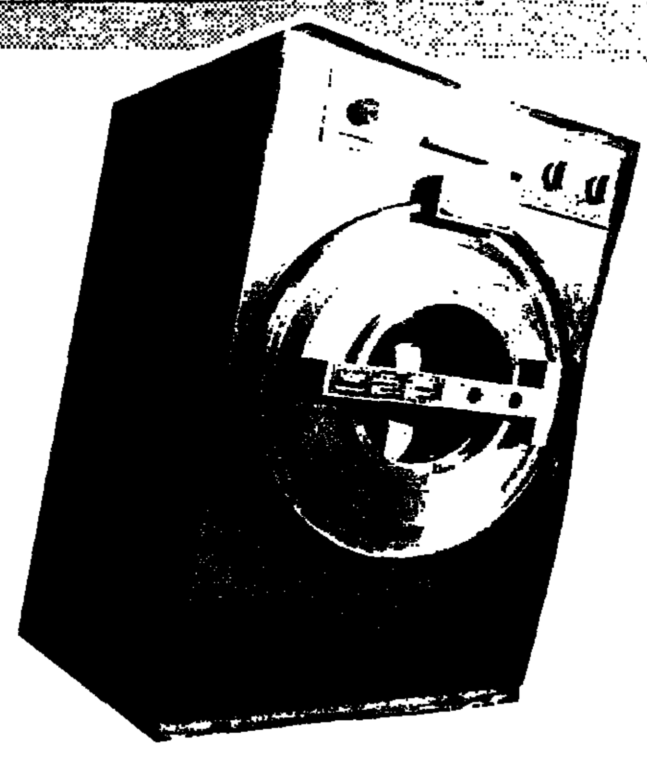
Each house will be supervised by selected Romanian houseparents, who will provide proper medical care as well as affection and food.

The building sites have been provided free by the Romanian government.

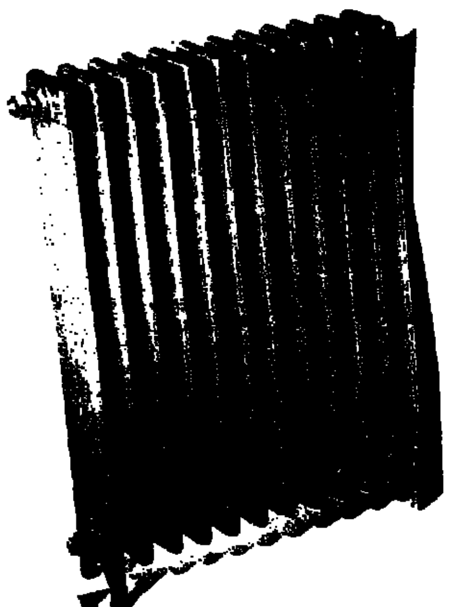
As a result, it costs just £2,000 per child to build them a future.

Just £25, the cost of an ordinary child's Christmas present, will keep the building programme going for one more day.

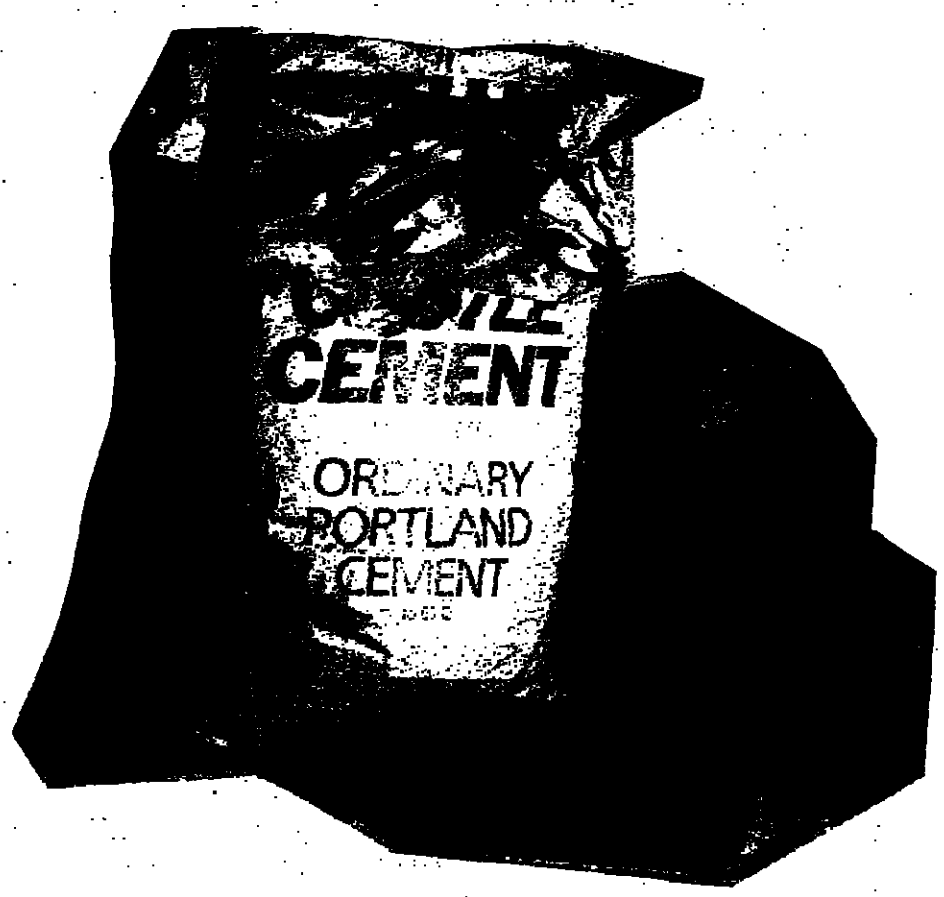
When you've finished your Christmas shopping please use this gift tag.



An industrial washing machine will improve hygiene and reduce disease. £1,650.



Heating will save children's lives this winter. £46.



With these bricks we can build them a future. £27 buys 500.

To. The Romanian Orphans

From.

Wishes to make a donation of £75 £50 £25 £10 other Cheque/credit card.

Access/Visa No. ______

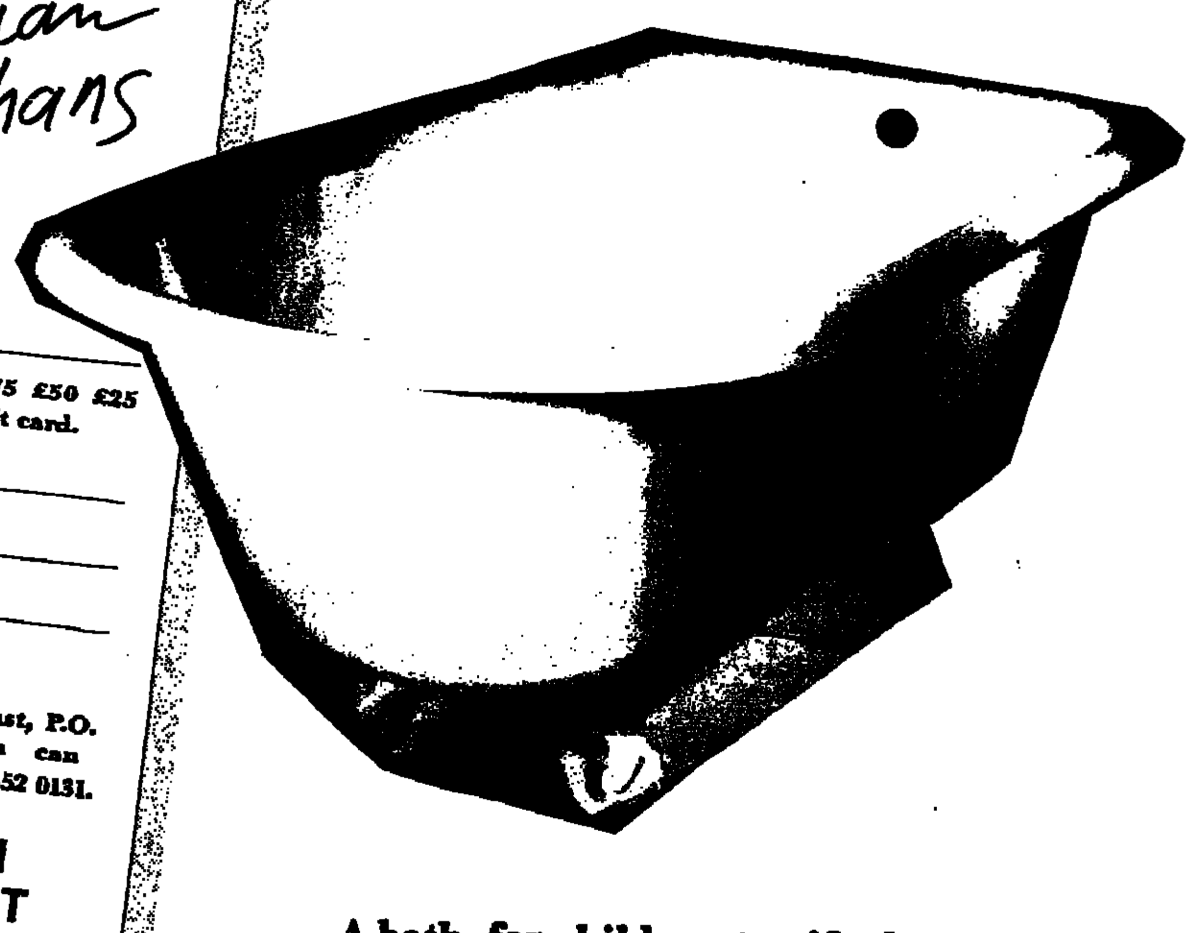
Expiry date ______

Address ______

To: The Romanian Orphanage Trust, P.O. Box 30, Edinburgh EH3 5QG. You can make a credit card donation on 031-552 0131.

THE ROMANIAN ORPHANAGE TRUST

HOUSING APPEAL



A bath, for children terrified of water. £30.

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The end of illusions

PARTICULARLY in political life is there a tendency to believe that reality can be fudged. The UK now has, to the delight of many, both a "caring" government – code for one inclined to bribe the electorate with its own money – and a "pragmatic" government – code for one inclined towards policies that are popular in the short term and unworkable in the long term. Yet the realities it faces remain unchanged: in joining the exchange rate mechanism, the UK adopted a sternly monetarist economic policy; and in refusing to endorse the goal of a single currency, the UK is doomed to be a laggard within the European Community.

Nowhere is the fudge more obvious than in discussion of sterling's ERM entry. This was not an alternative to monetarism; it was monetarism by the back door. Instead of trying to stabilise the economy by following a domestic monetary target, the UK is linked to the Bundesbank, which is trying to stabilise the German economy by following a German monetary target.

The case for such indirect monetarism is partly that the credibility of the Bundesbank in pursuit of its target is greater than of any British government in pursuit of its own targets. But the case is also that the two economies are sufficiently intertwined for the two alternatives to be roughly similar in their effects. This is true, but only in the long run.

Halcyon days

Those who remember the halcyon days of 1988, when the exchange rate against the D-Mark was not far from where it is today, will recall the Bank of England's complaints about the conflict between the exchange rate (which said that interest rates should fall) and domestic monetary conditions (which said they should rise). In the end, inflationary pressures and a rising current account deficit ended the conflict, if brutally, and base rates soared.

For a little more than two years, the two sets of indicators told the same story, but the UK's condition is now the mirror image of what it was in 1988. With sterling at the bottom of the ERM and the D-Mark stronger by the day, the exchange rate now says that interest rates can fall by very little, while the domestic economy looks a suitable case for radical treatment.

Only this week the Bundesbank (the UK's central bank, in case anyone had forgotten the fact) announced its goal for next year as holding inflation down and keeping the D-Mark strong. Its target range for broad money for next year is 4-6 per cent. This target allows for economic growth next year of only 2¼ per cent, as against likely growth this year of 4½ per cent. Thus the Bundesbank is planning to squeeze excessive German dynamism and, in doing so, will make the pips of the rest of the EC squeak.

None the less, when appearing before the Treasury Select Committee, Mr Norman Lamont, the chancellor of the exchequer, expressed the hope that the conflict between domestic conditions and the exchange rate would prove short-lived. There is little reason to suppose it will. The chancellor may have to live by his pledge to keep interest rates up for some time.

Modest fall

True, the modest fall, of 0.4 percentage points, in underlying UK inflation is a slight encouragement. Further reductions in underlying inflation are suggested by the declines in retail sales and monetary growth, along with the unexpectedly large increase in unemployment in the month to November 8. But, with underlying growth of average earnings stuck at 10 per cent a year, and productivity growth negligible, the expected fall in inflation also means a sustained squeeze on profits.

For those concerned about the consequent recession, the question is how quickly the interest rate premium required to sustain sterling against the strengthening D-Mark can be reduced. The room for interest rate cuts may well continue to be limited by the lack of credibility of the ERM parity, despite the decline in the rate of inflation. The credibility required to lower interest rates may only be achieved by being prepared to raise them.

The UK must give up its illusions about what living with the Bundesbank means. The inflation rate must be pushed down to the German level as fast as possible. A long and deep recession is almost certainly the way this will be done.

No less should the government avoid illusions about the inter-governmental conferences on economic and monetary and political union. To use the cliché, being in the locomotive means going on the rails laid down by Mr Delors. A fudge may conceal a defeat over endorsement of the goal of a single currency, but it cannot evade it. Both on domestic monetary policies and relations with the EC, the UK's room for manoeuvre is small and its choices unpleasant. Prime ministers may change; realities do not.

European odyssey 2001

On the day the EC starts its conferences on political and monetary union, David Buchan fantasises on where they might lead

"Sell." "Down to what rate?" "Just keeping selling until we've halved the value of the dollar against the Ecu. If that's what those finance ministers want, that's what they'll get," the president of the Eurofed said almost vengefully.

The chief foreign exchange dealer hurried out of the room, leaving the Eurofed's president to look out of the window at the grey skies of Luxembourg, ignore the tele-conference then in progress with his board members, and wonder why in God's name he had so wanted the most prestigious post in European central banking.

To his great alarm, he was now, at the behest of his political masters in the European Union (EU), in the front line of its battle to bring the US to its financial knees, in a bid to stop American troops moving across the Jordan with Israeli forces to retaliate against the Palestinian republic.

His shock had been shared last night by all other 17 Eurofed board members, when the finance ministers passed on the dire news that, by majority vote, prime ministers of the EU had decided to engage in economic warfare against what was still the principal military power on earth.

It was indeed a pretty pass that transatlantic relations should have come to this. Only a decade earlier it seemed that a new era of good feelings had dawned between Brussels and Washington. But the Nato tie that had bound both sides of the Atlantic together for so long had finally snapped when a couple of years earlier, the EU, now with 18 members (including Austria, Sweden, Norway, Poland, Hungary and Czechoslovakia) had taken over that other little known union, the Western European Union, when its treaty lapsed in 1998. The EU had thereby given itself its long-sought defence dimension, and as a sign of its institutional completeness dropped the word "Community" in favour of "Union". Nato headquarters had been returned to its originally intended use as a suburban Brussels hospital.

Without the glue of a common military threat from the now-dissolved Soviet Union, increasing tensions in the Middle East had corroded relations between the US and the EU. So much so that it was hard to remember how they had stood epaulette to epaulette against Iraq. Victoriously, too. Or so it seemed in the spring of 1991. Iraq was faced down over its invasion of Kuwait. But most of the Arab world took it as collective humiliation by the west. The backlash took various unpleasant forms, including, most ominously for the transatlantic relationship, the replacement of the Hashemite kingdom of Jordan by the republic of Palestine.

Deeply hostile though initial reaction of Israel was to the disappearance of Hashemite Jordan, it came to see the Palestinian state as providing the home for Arabs that it absolutely refused to provide in the West Bank and Gaza. An America thoroughly disenchanted with the Arab reaction to its famous victory over Iraq also came around to the same view. But in other parts of the world, among them the EU, this was felt to be a cop-out by the US. The EU had become increasingly involved with many of Israel's Arab neighbours, out of its self-interest in trying to stem the growing tide of immigration from the southern shores of the Mediterranean. This in turn encouraged members of the EU to try to use the leverage of its vaunted new common foreign policy on Israel; Jerusalem found its access to the great adjacent market of the EU tied to political conditions it was quite unwilling to meet.

The trend lines were all pointing to trouble, but it was not until the second Yom Kippur of the new century that it hit. First, Palestinian and Arab forces struck at the West Bank. They had some success, as Israel nursed its strength for a counter-attack and appealed to the US for help. To everyone's surprise, Washington answered by sending one of the several airborne divisions it had built up since it no longer needed heavy armour in central Europe. Appeals to desist fell on waxed ears in Washington.

"They did the same to us at Suez, and it worked."

The interjection from the British regional governor broke the Eurofed president's reverie.

"Who did what at Suez?" he asked, trying to focus on the pin-striped television picture of his British regional governor.

"Well, when we and the French tried, in 1956, to retake the canal, our American friends dumped pounds and francs. That was what stopped us in our tracks, not Nasser and his soldiers," the Briton explained.

"OK, but that was nearly half a century ago. In any case, we're supposed to be responsible money men, not promoters of mayhem on the exchanges," the president said.

But he and all the others around the table were uneasily aware of the limits of the Eurofed's remit. Though general guarantees of the Eurofed's independence, and a clear priority to internal price stability, had been written into the original 1991 treaty, the same treaty was equally clear that overall exchange rate policy lay in the hands of governments, not the Luxembourg-based central bank. And if the member governments of the European Union wanted to use their newly pooled dollar reserves, irresponsibly, as a weapon of economic war, then be it on their political heads.

Yet it was not at all clear that this weapon would not blow up in their faces. It would have been easier if all 18 member countries of the Union were equally affected by the price of oil climbing to $100 per barrel. It had reached this level, after yesterday's news at the United Nations. In New York, the EU, to whom communautaire France had bequeathed its permanent seat on the Security Council, had sponsored a resolution urging all parties to return to their positions along the Jordan river and warning the US and Israel to desist from any retaliation against the Republic of Palestine. The EU resolution had the backing of all other Security Council members, including Japan, which had inherited its permanent seat from Britain grateful for a few more car factories. Washington, however, not only vetoed the resolution, but also formally denounced the transatlantic declaration which it had signed with the then EC in 1990.

The EU was engaging in economic warfare against the US, in a bid to stop American troops moving across the Jordan with Israeli forces to retaliate against the Palestinian republic

The split would never have so widened, but for oil. The EU was still very dependent on Middle East oil. Too many of its members had gone truly green and decided that nuclear energy and coal were too dangerous or polluting to be alternatives to oil. This was particularly true of Germany, and the new Nordic members of the EU. It had seemed possible in the early 1990s that the Union might secure new sources of oil and gas by inveigling the Russian Republic into a pan-European Energy Community. But that fell apart the day, January 2 1993 to be precise, that Brussels turned down a wildly premature bid by the Russian Republic to join the European Union. The republic's headstrong president, Mr Boris Yeltsin, had then turned to the US and agreed to new pipelines carrying oil and gas across the Bering Straits to Alaska, in return for US industry putting consumer goods into Russian homes. The Slav nationalists in Moscow turned out almost soulmates with President Daniel Quayle's Republicans. While holding no torch for Israel, leaders of the Russian Republic were glad no longer to have to kowtow to Arab states for the sake of Moslems in central Asia, as had been the case when they had been yoked together in the old Soviet Union.

* * *

First intimations of revolt came in the Ecofin (the Council of Economic and Finance Ministers).

It had been summoned into emergency session by the French presidency, which felt that some of the richest, but most oil-dependent members were sabotaging the possibility of a common Union economic response to the crisis and the soaring oil price rise. Sweden had started the rot by capping the price of oil within its borders to $70 a barrel and making up the difference with the real $100 a barrel world price by a subsidy that, in the view of the Brussels Commission and the French presidency, looked set either to bust the Swedish budget or to send its borrowing, on the back of the Union, soaring. Soon all those countries, north and south, that had no indigenous energy (oil or nuclear power) began to follow suit.

"I think we all know the rules," began the French finance minister. "One, members shall not run excessive budget deficits. Two, members cannot count on the Union bailing them out. Three, the Council can, by majority, impose binding limits on members' budget deficits. I think we all realise the gravity of the situation that has led the Swedes to take the action they have. But I think we all realise they must desist from their subsidy, or face its implications."

"What implications?" asked the Swedish finance minister.

"If you maintain your oil price subsidy, you'll have to cut elsewhere."

"For instance?"

"Well," said the Frenchman tentatively, "you do provide a higher level of social services than most of us."

"You mean cut back on our hospitals and schools," retorted the Swede in a mix of defiance and disbelief.

"You said it," said the Frenchman.

It was this exchange that set certain members, socially minded at home and pacificist-inclined abroad, to wondering whether they wanted their Union to throw its international weight around, however much they disapproved of the US military and preferred financial to military action.

The issue crystallised a couple of days later in the Directorate; this was the committee of 18 Brussels-based deputy prime ministers, set up out of a feeling that a Union of 18 members needed something resembling a European government. In the 48 hours since the Ecofin met, there had been a fundamental rethink in Berlin. Up to then, only Britain had voted against the dump-the-dollar policy. Now Germany sided with Sweden and the UK. Other Nordics, Austria and the central Europeans rallied to them. The Benelux split – leaving only Belgium to join France, Italy, Spain, Portugal and Greece in being outvoted by 12 votes to six.

Back down the chain of command to the Eurofed president came the instruction to stop selling dollars. The US currency bounced back against the Ecu, and for that matter the yen, the following day.

By pure chance, that also happened to be the day on which the Eurofed president was due to make his annual report to the European Parliament's economic and monetary committee. Going to Strasbourg never filled the president's heart with joy, but there was one elder stateswoman on that committee that he enjoyed wrangling with – the crusty, 75-year-old Christian Democrat from the UK.

And that day was no exception. After he explained, as diplomatically as he could, recent events, the lady started to lecture him.

"We," she said, "have always believed this Union would overreach itself, and now it has. The powers of your Eurofed, Karl Otto, were bound to be misused one day for political ends, and now they have."

"Which simply goes to show, Margaret," he retorted, "that the Eurofed should have had the independence that I originally argued for."

MAN IN THE NEWS

Slobodan Milosevic

Serbian goblin who is saviour to many

By Judy Dempsey

There is a wonderful old Serbian epic song called The Building of Skadar. It recounts how three brothers set out enthusiastically to build a city. *They were building for three full years / For three years with three hundred masons.*

However, the mood of the poem soon slips into unremitting pessimism: *But they could not lay the fundament / Much less raise up the turreted city / What the masons built by the day / The highland oread destroyed by night.* Slobodan Milosevic, who last Sunday was elected Serbia's Communist party leader, is like the mischievous goblin who descended on Yugoslavia and who, like quick silver, sought to undo the foundations upon which this country was built after the Second World War.

Except, for many Serbs, Milosevic is no devil. He is their saviour who has reawakened their sense of national consciousness and dignity. But in a country plagued by instability and ethnic unrest as it makes the difficult transition from communist rule to parliamentary democracy, the last thing guaranteed to make the transition easier is a fanatical nationalist – and a communist one at that.

This is the mantle which Milosevic wears. In a highly personal way, he has managed to combine fervent nationalism with communist dogma. In so doing, he has led Serbia deeper into the mire of economic deprivation. He is also helping to isolate Serbia from the Yugoslav federation, which could lead to the break-up of the country.

Slobodan Milosevic was born on August 20 1941, the son of an Orthodox priest. But the young Slobo, as he is affectionately called, was not particularly keen on pursuing the cloth. Politics was his vocation. He first savoured the power of political life between 1970 and 1978 when he worked in Belgrade at the giant, state-owned Technogas company. Like every other state-controlled enterprise, it was run by Communist-appointed managers. All aspiring politicians cut their teeth in these enterprises.

At Technogas, Milosevic gathered trusted friends around him. One of these was Ivan Stambulic, his mentor, who was later to become head of the powerful Serbian Communist party. But like so many of Milosevic's colleagues, Stambulic was soon to be unceremoniously dropped by his protégé.

Milosevic continued to move up the ladder of power. Between 1978-1982, he was on the board of directors at Beobanka, the state-run bank. "I remember that time well. The bank was run like a personal fiefdom," commented one Yugoslav banker. From that vantage point, Milosevic used the time to make frequent trips to the United States. There he cultivated a friendship with Larry Eagleburger, one-time ambassador to Yugoslavia. When Milosevic started his campaign against the ethnic Albanians in the southern Yugoslav province of Kosovo in 1987, Eagleburger defended his friend, and reportedly accused the western media of exaggerating the havoc Milosevic was wreaking.

When Milosevic finally became Communist party leader of Serbia in 1987, there was little to stop him. He purged Polityka, the daily newspaper which was once the beacon of Yugoslav journalism. He purged Belgrade radio and television, turning it into an unashamed mouthpiece for Serbian nationalists. He then used the media to broaden his support and attack his enemies. Communists, he said, were corrupt and bureaucratic. Overnight, the Communist parties in the other republics donned the mantle of social democrats. But not Milosevic. He had a mission to fulfil. He would make Serbs proud again by reintegrating the province of Kosovo into Serbia.

It was almost a mystical mission. By organising vast, nationalist rallies, he promised the Serbs that their fellow Serbs in Kosovo would be saved from being absorbed by the ethnic Albanian majority. The Albanians, who were accused of rape, intimidation and of forcing the 200,000-strong Serbian minority out of the province, were also accused of violating the cradle of Serbian culture. It was in Kosovo, Milosevic never ceased to remind his fellow Serbs, that the Serbian empire was born. "To Kosovo! To Kosovo! Slobo! Slobo!" his supporters chanted whenever he appeared in public. The rhythmic refrains, "Give us arms! We will kill anyone who disagrees with Slobodan!" filled the air. Truck and car drivers pinned up posters of their hero on the windows. Milosevic had assumed Tito's cult of personality.

He perfected it to a fine art. When he deigned to talk to the foreign press, usually over lunch at the Intercontinental Hotel, he would behave like an elder statesman, holding forth (unrealistically) on how Serbia could join the European Community. Armed with his favourite Havana cigars, he would try to deflect questions about how he would spend the money donated to his notorious Zajma fund-raising campaign. In June 1989, Milosevic appealed to the patriotic sentiments of Serbs and the émigré Serbian community to raise $1bn. The funds were supposed to be earmarked for investments in the republic's bankrupt economy. Bankers in Belgrade say they have no idea what became of the contributions. Liberal intellectuals now wonder what Milosevic wants to do with his presidential powers.

His wife, Mirijana, will have some influence. Milosevic's opponents unkindly compare her to Elena Ceausescu, particularly after she managed to sack the rector of Belgrade University, become head of the ideological committee of the Serbian Communist party, and only recently lent her support to a new political grouping set up by the army. Danas, the weekly magazine, once explained Mirijana's uncompromising communist zeal against the background of the Second World War. Her mother was executed by Tito's Partisans for revealing to the Nazis the whereabouts of a communist cell.

The small groups of liberal Serb intellectuals say that Milosevic has failed to make Serbia great again – in the sense that the republics will prevent it from dominating the Yugoslav federation. But then, as soon as they think Milosevic's support is on the wane, he bounces back. "He is a strange man. He does not seem to realise that everything he touches leads to failure or destruction," a Yugoslav academic commented.

"He has failed to bring peace to Kosovo, he has failed to make the Serbian economy prosper, he has failed to end the corruption, he has failed to introduce any economic reforms. What is left? He will turn Serbia into a ghetto of intolerance and dogmatism. Is that what we deserve?" He should ask his fellow Serbs. They chose Milosevic to be their president.

هكذا من الأصل

Unseasonal thriftiness

John Thornhill on trying times for shoppers and retailers

Mrs. Wilma Frobisher, a middle-aged mother from Milton Keynes, started her Christmas shopping this week. She did so with a heavy heart.

Burdened with high mortgage repayments, the poll tax, and the costs of helping to support her two teenage sons through university, Mrs Frobisher has had to pare back her family budget.

"We are definitely finding it tight this year for the first time ever," she says. Her sons are likely to find clothes in their Christmas stockings rather than the compact discs they have had before.

The experience of Mrs Frobisher is likely to be shared by many. Individual shoppers this Christmas will probably spend less money in real terms, and they will spend it on basic, rather than luxury, goods. For many UK retailers already struggling in the face of weak demand it will prove a trying period and, in extreme cases, will threaten their survival.

Just how bad things have become on the high street was confirmed on Monday when the Central Statistical Office revealed that retail sales had experienced their biggest decline for 10 years.

The CSO's seasonally adjusted figures showed that volume sales in the three months from September to November were 1 per cent lower than in the previous three months, indicating an annualised rate of decline of about 4 per cent.

Late last year and earlier this year, high interest rates began to take their toll on consumer expenditure, especially among young mortgage payers in the south-east of England. This particularly affected housing-related consumer markets, such as those for Do-It-Yourself and electrical goods.

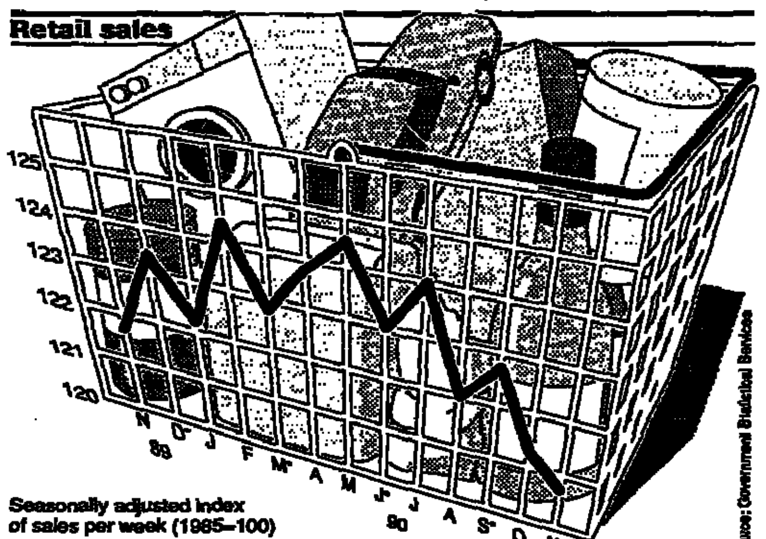
But what seems to have happened now is that weak trading has spread to other regions, retailing sectors and age groups – a survey by Halifax Building Society this week even showed that the average pocket money for teenagers had fallen from £3.46 to £2.50.

"What you are seeing now is a broadening of the squeeze to affect some of the retailers that were quite well protected in the first phase of the downturn," said Mr Paul Deacon, a retail analyst at the London office of Goldman Sachs, the US investment bank.

But what has really crippled many retailers has been rapidly rising business costs. This is well illustrated by Chappell of Bond Street, a music retailer, which has a branch in the Milton Keynes shopping centre where Mrs Frobisher is looking for her Christmas bargains.

Mr James Goff, manager of the electronic keyboard department at Chappell, says the uniform business rate will add £20,000 to the annual rates bill in April, bringing it to £46,000, while rents are already high at £18,000 a quarter. Wages too have risen sharply – although in Chappell's case at slightly less than the 9.7 per cent level of inflation.

Retail sales



Seasonally adjusted index of sales per week (1985=100)

* 5-week period

"The money we are taking is the same as last year, so in real terms it is down. We sold 64 keyboards last Saturday and are averaging 20 a day during the week. It is a job to keep your head above water," Mr Goff says.

Mr Bernard Tennant, the director-general of the National Chamber of Trade, which represents 150,000 small and medium-sized businesses, says such difficulties are widespread among small retailers.

"I do not think I am going over the top when I say that a lot of traders will be facing crisis conditions. Many are going to find themselves crippled and rate rises will lead to closures. It will get worse before it gets better," he says.

According to Mr Richard Hyman, of Verdict, the retail consultants, the situation could be just as acute for many large companies which are being hit by high interest rates "on both sides of the counter" as they struggle to pay off the big debts they accumulated during a period of over-expansion in the 1980s.

In several cases, the situation has been exacerbated by the fact that retail chains have indulged in the sale and leaseback of their freehold properties. Although at the time this gave them cash resources to fuel expansion it has now left them exposed to high rents which, because they are only reviewed every five years, still reflect the extravagant levels of demand of the late 1980s.

A series of unforeseen factors is further dampening trading this Christmas. The current cold snap and the drop in the number of visitors from the Middle East and the US will not have helped retailers. Nor has the privatisation of the electricity industry, which has tied up consumers' money until after Christmas, because applicants' cheques have been cashed whether they have been allocated shares or not.

The Retail Consortium, the industry's trade association, acidly commented that this had "taken billions of pounds out of the economy for much of the crucial pre-Christmas period".

In spite of gloomy profits forecasts, some high street retailers are maintaining a cheery front. There is much anecdotal evidence to suggest that money is still flowing in to some segments of the economy.

For example, Marks and Spencer reports buoyant sales of some luxury items such as its £45 short-sleeved silk shirts and its packages of 40 peeled prawns which sell at £13.99.

Clydesdale Group, Scotland's biggest electrical retailer, says its sales are running a third higher than last year and is currently selling 300 video camcorders a week, priced between £599 and £1,299.

Toys are enjoying their traditional Christmas boost. Two favourites appear to be Nintendo, the Japanese video game system, which are being air-freighted into the country at the rate of 10,000 units a week, and products related to the Teenage Hero Mutant Turtles craze.

Retailers of lower-priced goods may also continue to do well and Ratners Group, the discount jeweller, Argos, the catalogue retailer, and Woolworths, the variety store chain, are all expected to trade strongly.

Body Shop, the natural cosmetics company, says trade is holding up well and reports particularly good sales of its 55p "endangered species" soaps in the shape of whales, rhinos, turtles and polar bears.

Food and drink sales appear to be coming under pressure, according to the Retail Consortium. But Mr David Reid, finance director of Tesco, the grocery chain, says that sales are up about 8 per cent over the same period last year, with underlying volume growth of about 1 per cent when inflation is stripped out.

"We have no signs of people trading down. If anything the reverse is true. Most of our strongest growth areas are in the added-value lines, the convenience meals and frozen foods," he says.

Retailers are now entering the crucial last week before Christmas. Walk into Fortnum & Mason today and you are likely to get caught in the crush of customers at the upmarket grocers in Piccadilly. But if you try on a weekday it may well be unseasonally quiet, as it was this past week.

"The difficult thing about making a prognosis on trading is that there is no pattern. We have first-class figures one day and weak ones the next," the shop laments.

Expatriates take to Telford

Michael Cassell on Japanese workers' adjustment to Shropshire life

Susumu Shagauchi, known to his English workmates as Sam, had to think quickly to outwit his Japanese employers. Any delay meant that he would be ordered back from Telford to Kyoto and to another job.

Sam, an engineer employed at the Shropshire plant of Maxell (UK), wanted to marry Andrea, an English girl, and settle down locally.

His bosses, however, had other ideas. It was not deemed wise for a young Japanese man to contemplate such a marriage, and a new posting at home – 12,000 miles away – was quickly lined up.

But Sam moved fast and organised a "quicky" wedding. Maxell, which manufacturers video cassettes and floppy discs, was left with little option but to wish him luck and to transfer him permanently to the company's UK staff.

Without marriage, Sam could have expected to stay in England for about three to five years. At the end of three years, Japanese employees are given a free airline ticket home, though only if they agree to return to their overseas post for two more years.

The tale of Sam's quick-witted plan to outmanoeuvre his employers is told by one of his English workmates to help illustrate what he sees as a yawning gap in lifestyles and corporate cultures.

The readiness of Sam's employer to intervene in his private life may have raised eyebrows among his English friends but it did not come as any surprise to Sam or to his Japanese colleagues. They are used to company and family being inextricably linked.

They are less used, however, to life in Telford, the cradle of the industrial revolution, which partially owes its commercial renaissance to the arrival of the Japanese.

The north Shropshire town is now host to 21 Japanese companies, making everything from printed circuits to heating systems. There are few greater concentrations of Japanese manufacturing interests anywhere in Britain. Well-known Japanese manufacturers such as Ricoh and NEC have local production plants and there are also some associated Japanese sales and distribution operations in the area.

Nearly all have come during the 1980s because of the strenuous efforts of Telford Development Corporation to attract inward investment when the flow of industry and jobs from other parts of the West Midlands began to dry up.

The number of Japanese employees remains small – estimated at less than 400 – and most are on short-term secondment in middle to senior management roles.

They stay on generally higher Japanese salaries and attract overseas living allowances which range from generous to modest. Their companies are now paymasters to more than 2,000 local people and, with new arrivals in the pipeline, the figure will rise.

Japanese youngsters attend local, £1,000-a-term schools, threatening to make some of them as much oriental as Salopian in character. Their parents can take advantage of Japanese shops set up recently to make them feel more at home.

Japanese couples shop alongside locals at the Setonaikai supermarket or pop along to the Watanabe takeaway before rushing home to watch their favourite Japanese programme, courtesy of satellite television.

They arrived – intrigued at the suggestion from some of their English workmates that those not wanting to come could, presumably, refuse – to a strange social landscape and an alien work ethic.

After seven years, Sam still finds it hard to grasp the regional accent, misses Pachinko, the Japanese version of pin-ball, but approves of the wide choice of British beers.

He is astonished that so many young people can afford to buy their own homes, complete with spacious gardens. In Shropshire, housing is relatively cheap and couples are quick to buy, even if it is a struggle; in Kyoto, people like Sam would almost certainly live in a small, rented flat; if they did have a garden, Sam insists it would be little bigger than the conference table in front of him.

One of Sam's colleagues says he has never met a Japanese wife who wants to go home. There has been an encouraging degree of integration, though some visitors cite instances of possible racial prejudice, from scratched cars to cat-calls in the school playground. None seems unduly perturbed.

Mr Soichi Fujimori, one of 13 Japanese managers among 700 employees at Epson Telford, the biggest manufacturers of

Susumu Shagauchi (left) confers with his colleagues

computer printers in Europe, does not have a wife but would not mind if he found one thousands of miles from home. Like a lot of his compatriots, he tries not to miss Blind Date on television.

Mr Kazunobu Maeda, a Maxell employee, brought his wife and two children with him. He likes the lush countryside, reads the Shropshire Star, is less happy about the quality of goods in the shops and still cannot see the need for traffic islands.

Mr Takeshi Uemura, the managing director of Omron Electronics (UK) – company motto "At work for a better life, a better world for all" – echoes the views of many colleagues: "At home, everything is done at a rush. Life here is more relaxed and enjoyable." He says England is more beautiful and safer than most other countries, but he is bemused by the dirty streets and by British Rail timekeeping.

He wants to see 100 British castles before he leaves; so far he has ticked off 40, the most striking being Conway.

Most members of the Japanese community say they find British television boring; they like the logistical challenges taken on by Anneka Rice but generally complain that there is not enough on-screen action; some confess to watching endless children's programmes.

Mr Yorimasa Yuguchi, the managing director of Epson Telford, is about to return home after five years in Britain. "I was told the UK was snobbish and prejudiced. There are certainly other countries which are superficially more friendly but here you can make real friends."

There is a temptation to believe that such praise represents little more than a shroud, used by visitors who are too discreet and diplomatic to reveal their real feelings.

But they show no hesitation in criticising their host country when it comes to the art of successful business.

According to Mr Uemura: "Attitudes are so different and British manufacturing efficiency runs at 70 per cent of Japanese levels. You have higher levels of absenteeism compared with Japan, where we do not have sick pay, and much higher staff turnover."

At work, Mr Uemura says the Japanese employee always thinks of himself as the consumer, rather than the producer. He understands the need for quality and presentation but English workers are not so demanding. "When we first came here, we suffered from poor and inconsistent quality but things are getting better."

Mr Yuguchi stresses that Japanese skills training is regarded as an integral part of the education process. "Our employees come from school and are trained . . . by those who work with them; it is not a separate exercise conducted away from the workplace.

"Your workers are trained to do one, specific job. Our workers have a much wider understanding of the activity in which they are engaged. They are not bound by their specific skills, only by their potential.

"It is a much more integrated approach. In becoming part of the whole process they may lose their personal identify but that is an acceptable price to pay in Japan."

"As a nation, you are individualistic, we are more strategic. We achieve the task given us; it is not necessarily a question of whether or not we find it satisfying."

LETTERS

The electricity issue is a dishonest farce

From B.R. Wilmshurst.

Sir, I am a long-term investor who held shares in some companies for periods approaching 30 years.

Normally I do not trouble to subscribe for new issues, judging that the chance of obtaining a serious allocation, at a discount commensurate with the risks involved, is too low to outweigh the avoiding of share dealing costs. I was importuned into departing from my usual practice and registering to apply for electricity shares by an uninvited letter which promised me a prior allocation as a customer before non-customers, and discounts on future electricity bills.

I therefore sent in a substantial application for shares in my local company Seeboard only, intending to hold these long-term, and made no application for shares in other companies as I do not practice "stagging".

I now find that I have no shares, contrary to the assurances of the customer priority allocation form, although non-customers from all over the country have obtained allocations; and also that my cheque has been cashed and the money retained, at considerable loss to myself but profit to the government, for an indefinite period. In the meantime I witness enormous profits, proportionately, being made by avowed "stags" as they hasten to sell their allocations before even receiving them.

This unprecedented dishonest farce is hailed as a great triumph for privatisation, although the professed objective of obtaining a wide long-term shareholder base is not achieved. It is difficult to see just what objective has been attained. One may be the substantial profits made by employees selling their own employee allocations, which should recommend it to the Labour party.

Directors of public companies are imprisoned for actions which are judged to to be fraudulent misrepresentation as we saw following the Guinness affair. It is difficult to see why public servants should be immune from sanctions.

B.R. Wilmshurst,
2 Parkside, 172 Kew Road, Richmond, Surrey

Demise of 'commissions cartel' has done more harm than good

From Mr Peter R.D. Hayes.

Sir, Your editorial ("Sales tactics in life assurance", December 13) about the Levitt Group's liquidation mentioned Lord Young's acceptance of much of the criticism made by the OFT on "the commissions cartel" – leading to its demise. That "cartel" was known in the insurance industry as the Maximum Commission Agreement (MCA), and its abolition has done more harm than good, leading to suspicion that some advisers recommend the products of insurance companies which pay more commission. Most advisers preferred the old system.

Disclosure of commission in itself will also do more harm than good, as it implies that the commission might be more than it should be, and is therefore intended to dissuade a client from proceeding with something which he may need. What is more important is that he should know the commission would be no more if some other company was used; and then he needs to know if he actually needs the product itself – disclosure of commission will not tell him that.

Where disclosure would be very helpful, however, would be in highlighting indemnity terms. These create a contingent liability for an adviser, obliging him to refund commission previously paid to him if premiums other than the first one are not paid. Better still would be to outlaw indemnity terms altogether.

The Financial Services Act set out to make the investment world a safer place for the public. Some of the mechanisms used to achieve this desirable objective have been chosen more because they are ideologically compatible with the thinking of those who impose them, rather than for their practicality.

Peter R.D. Hayes, ACIB,
chairman, Plan Invest Group,
9 King Edward Street,
Macclesfield, Cheshire

From John Duffield.

Sir, Your leader makes some pertinent points, but fails to draw the most important lesson from the collapse of the Levitt Group. No supervisory regime can stop fraud and incompetence in the firms it supervises without an unacceptable degree of interference. All SIB and its subsidiary regulatory bodies are doing is providing a seal of approval for their members, a seal which will mislead the public into thinking that it means something, and leading to demands for Someone to do Something whenever another firm crashes – that Something probably being yet more ineffectual regulation at yet more cost. The cost to the country of our financial supervisory system must exceed £50m a year now, a cost far in excess of the value of the benefit provided. The whole system is as good an example as you could hope to find of government, realising that it has an insoluble problem, setting up the illusion of a solution.

John Duffield,
34 Spring Grove,
Loughton, Essex

Brixton is not a black ghetto

From Ms Paula Barnes.

Sir, I read with interest your article on Brixton ("The peddlers of power", December 1/2). It was unfortunate that you took the predominantly black nature of the community and interpreted this as a society struggling for black power, suggesting Brixton is teetering on the edge of a riots.

As someone who has lived in Brixton for almost two years, I see none of the power struggles you talk of. I see blacks and whites co-existing in an area that offers a community spirit and excellent facilities. White people moving into Brixton are those who are aware that problems have existed, who tread carefully over racial issues and whose main objective is to live quietly in a culturally diverse society. There is no room in Brixton for those who do not understand the accusation of racial discrimination in a white dominated society, and those who do not sympathise with the victims.

Brixton no longer wants to riot. Police statistics show a decrease in crime during the past two years, and large retail multiples fill the high street. What you describe as the front line is no longer a danger zone – more like a few elderly men hanging out, having a good time in their own style.

I am the first to admit the need for improved education and employment opportunities. This can be achieved by portraying the community in its true light: an area where there are opportunities for investment, if the media and the general public will stop labelling Brixton a black ghetto.

Paula Barnes,
Brixton, London.

Taurus is bad news for technology-shy investors

From Mr P.L.V. Mallet.

Sir, It looks as if Taurus will chase the private investor out of the field ("A new road, but little relief in sight", December 10).

I value a share certificate because ABC plc acknowledges thereby to me that I own part of the company.

I should have thought that ABC plc would be equally glad to put down the names and addresses of those investors who own it.

A certificate takes several days to arrive, but once I have it, it reassures me that I remain a shareholder come hell or high water flooding the whole City of London.

My stockbrokers assure me that they share my concern about faulty computers; that they hope that their efficiency will be sufficient to cope; and that they spend a great deal of time, trouble and effort to ensure that crooked or dishonest employees cannot disadvantage any of their investing clients.

But if they fail, or if Taurus fails, how shall I be able to prove to ABC plc or to anyone else that I am a shareholder?

Philip Mallet,
Wittersham House,
Wittersham, Kent

Tired fingers

From D. Gregory.

Sir, as a phone user I would find it inconvenient to dial 11 numbers for every local call ("The legacy of Mr Strowger", Dec 13). Nor would I wish the useful grouping of services by number to disappear.

As one closely associated with the industry, I see the need for augmentation of the present scheme so that new numbers are available.

D. Gregory,
Director, PCN Technology,
Stevenage

Restrict BES to businesses less than 5 years old

From Mr John Dodwell.

Sir, As someone who has been considerably involved in raising money for companies under the Business Expansion Scheme (BES), I agree with John Derrick ("The view from the other side of BES", December 8/9) that the BES has lost its way.

It was understandable that the government wished to encourage the return of privately-owned rented accommodation, but it is a great shame that raising money for new businesses has suffered from such competition. Fortunately, BES-aided residential investment property has only just over two years left.

The advice which I and others have given to the government is to restrict BES to businesses less than five years old, and to enable them to raise a maximum of £5m a year during that period. This should assist greatly in closing the equity gap, which is a great deal larger than the government realises. If thought desirable, it should be possible to exclude property development, hotels, nursing homes and private hospitals.

It would have helped matters if the government had spoken to people involved in raising money under the BES before changing the rules to the disadvantage of young, small companies, which have always found it hard to raise capital through conventional channels.

John Dodwell,
6a Hagsdell Road, Hertford, Hertfordshire.

Hanson revalues Peabody fixed assets by £2bn

By Maggie Urry

ANNUAL ACCOUNTS from Hanson, the industrial conglomerate, show that it has written up the value of the fixed assets of Peabody, the US coal business it acquired in July for £653m, by £2.11bn to £3.11bn. At the same time it has added £1.67bn to Peabody's provisions for liabilities to total £2.14bn.

A week ago, Hanson claimed that bear raiders had used news of the provisions – which had been outlined in the preliminary results released on Thursday last week – to push down the group's share price. Yesterday the shares fell 1¼p to 199p.

One analyst said the scale of the adjustments to Peabody's balance sheet was "breath-taking" given the purchase price and the provisions – largely against liabilities such as pensions, the coal mining disease "black lung", and land reclamation costs – would protect future profits from such costs.

Mr Martin Taylor, vice-chairman of Hanson, said that Peabody had included its coal reserves at cost and on acquisition Hanson had to look at the fair value of the reserves. He said the group was also obliged to look at the future liabilities of Peabody and denied that the provisions would be used to bolster profits.

As a result of the adjustments Hanson did not write off any goodwill for the Peabody deal.

Hanson's accounts also showed that provisions utilised during the year to end September rose by £107m to £127m. Analysts said that this made up nearly half the increase in group pre-tax profits of £221m to £1.29bn.

Mr Taylor said that when provisions had been established and the money then spent it was unfair to suggest that profits had been boosted by the utilisation of provisions.

The accounts also show that the remuneration of Lord Hanson, chairman, slipped by 5 per cent to £1.5m. Mr Taylor said this was because the rise in earnings per share, of 8.2 per cent to 19.9p on a fully diluted basis, had been insufficient to maintain the bonus element of the chairman's salary.

Mr Talyor said as well as net cash of £559m, the group had the ability to borrow £16.5bn. He said this meant that if Hanson bid for a large US company it would not be at a tactical disadvantage against a rival American bidder.

See Lex

98% take-up for Eurotunnel call

By Andrew Hill and David Lascelles

EUROTUNNEL yesterday confirmed the success of its £530m rights issue when it revealed that investors had taken up 97.6 per cent of the new bearer units on offer.

The £2.6bn of extra finance raised from additional bank commitments and the offer of new shares should see the Channel Tunnel project through to completion and opening in 1993. Eurotunnel described the outcome of the complex issue as "a triumph of bi-national co-operation".

Mr Alastair Morton, Eurotunnel's chief executive, congratulated French and Belgian core shareholders for their support of the bearer issue, and praised UK securities houses for the successful sale and placing of the registered tranche.

Bearer holders, mostly based in France, account for more than half the group's units. The overall level of subscription was 92 per cent, including the 84.3 per cent take-up of shares offered to registered unitholders, most of whom are British.

Mr Rory Macnamara, corporate finance director at Morgan Grenfell, Eurotunnel's merchant bank adviser, said a large part of the success of the issue was due to strong support from the institutions, particularly those who participated in the unique four-month standby underwriting that was necessary while the new bank finance was being assembled.

Midland Bank, one of Eurotunnel's four agent banks which put together the refinancing, did not subscribe to the rights issue. Midland, whose chairman Sir Kit McMahon is a Eurotunnel director, described this as "a commercial decision".

Like the other agent banks, Midland was obliged to raise its contribution to the refinancing to cover the shortfall from other banks in the syndicate, and it did not want to increase its exposure even further.

Among the UK contractors who are building the tunnel and are Eurotunnel shareholders, only Costain is believed to have subscribed to the issue.

The bearer rights issue was always likely to achieve a higher level of subscription than the registered tranche because under French rules any unsubscribed bearer units are taken up by underwriters and sub-underwriters. Investors who take no action receive nothing.

By contrast, surplus registered units were placed in the market and the premium above the subscription price will be distributed to registered unitholders who did not exercise all their rights. Eurotunnel units rose 7p to 395p yesterday.

Foseco sale planned to boost bid defence

By Andrew Bolger

FOSECO, the speciality chemicals and abrasives producer, yesterday said it would sell its construction chemicals division in a final attempt to persuade shareholders not to accept the takeover offer worth £259m from Burmah Castrol, the lubricants, fuels and chemicals group.

Foseco's share price later closed 2p higher at 297p – still below Burmah Castrol's increased and final offer of 300p per share, which closes next Friday.

Mr Tom Long, chairman of Foseco, said that if a premium price could be obtained for the construction chemicals division, the proceeds would be used to repurchase shares in Foseco.

In the event that a premium price could not be obtained for construction chemicals, Foseco said it would, subject to the Burmah offer lapsing, declare a special dividend of not less than 20p per share. Together with the associated tax credit, this would be worth 26.7p gross per ordinary share.

Mr Laurence Urquhart, chairman of Burmah Castrol, said: "The promised enhancement of shareholder value has totally failed to materialise. These proposals are vague, insubstantial and contingent. There is nothing here that remotely matches the certainty of our £3 cash offer on the table now."

Foseco previously announced that it would sell its abrasives business, together with a number of small UK industrial businesses. The company said considerable interest had been expressed by potential purchasers and discussions regarding a number of these businesses were in hand.

Mr Long said the Burmah offer had provoked strong interest in the construction chemicals division from six potential purchasers of substance based in both Europe and the US.

Mr Urquhart, commenting on the proposed sale of Foseco's abrasives division, said: "There is still no certainty about this. They are still only in discussions. We say there is no value, no substance, no deal and no timescale."

Selling the construction chemicals division was "an entirely new concept which is indicative of yet another management U-turn in a major strategic area. But again there is no substance, no value, no deal and no timescale."

Mr Long said the successful implementation of those proposals would result in a major reorganisation of Foseco. He had agreed to take executive responsibility for that implementation.

See Lex

Denis Stephens

John Elford Jones, Welsh Water chairman, with the Cardiff Arms Park Stadium in the background

Welsh Water profits up 20%

By Clare Pearson

WELSH WATER, yesterday announced an increase in pre-tax profits of 20 per cent from £60.4m to £72.7m in the six months ended September 30 1990.

It also revealed a 9.95 per cent stake in South Wales Electricity, the newly floated regional distribution company.

Profit for the 1989 period was restated on the basis that the company's capital structure after flotation a year ago had already been inplace.

On the same pro-forma basis, the net interim dividend is increased by 16.3 per cent to 6.5p (5.59p), a rise which is slightly above the average for the water companies which have reported so far.

Earnings per share were 48.2p (38.2p).

Turnover improved to £146m (£128.9m) and operating profits rose by 26 per cent to £55.3m (£43.8m). Reflecting the company's strong cash balances, net interest receivable stood at £17.4m (£16.6m).

Mr John Elfed Jones, chairman, said he was confident annual capital expenditure targets in the core business would be met. A £5.6m increase in operating costs was well within budget, he said.

See Lex

GrandMet buys Jus-rol for £47m

By Clay Harris, Consumer Industries Editor

GRAND METROPOLITAN, the food and drinks group which owns Pillsbury, yesterday bought Jus-rol, Britain's dominant manufacturer of frozen pastry, from Booker for £46.5m.

Booker acquired Jus-rol in September as part of its £290m takeover of Fitch Lovell, another food manufacturing and distribution company. The disposal is the first Booker has concluded of Fitch's peripheral activities.

The Jus-rol brand accounts for 70 per cent of the UK market for frozen pastry, and the company supplies another 20 per cent to private label customers from two factories in Northumberland. It also makes frozen potato products.

"It's a natural addition to the Pillsbury family," GrandMet said yesterday. Pillsbury leads the US market in prepared dough products and the UK market in cake mixes.

GrandMet is paying Booker £31.5m and discharging inter-company debt of £15m. In the year to April 29, Jus-rol made a pre-tax profit of £3.31m on turnover of £33.5m.

GrandMet said it expected Jus-rol, which was enlarged in May by the addition of the Stockport frozen food depot from another part of Fitch, to have sales of about £45m.

Polly wins South Korean credit

By John Murray Brown in Ankara and David Barchard in London

VESTEL, Polly Peck's Turkish consumer electronics subsidiary, yesterday won a $10m suppliers credit from Goldstar of South Korea, to pay for raw materials for its white goods.

At the same time, Gelişim Spor and Erkekçe, two Istanbul magazines personally owned by Mr Asil Nadir, the Polly Peck chairman, ceased publication apparently because of financial problems.

Hürriyet, a leading Istanbul daily, reported that Mr Nadir was holding talks with the Hersant media group of France about the future of his three daily newspapers, Güneş, Günaydin, and Tan.

Company officials said Mr Nadir would return to the UK on Sunday, in his first visit to London for over a month.

It emerged yesterday that Mr Nadir visited the Turkish capital ten days ago for talks at the airport with unspecified government officials.

Last October he approached President Turgut Ozal and Mr Güneş Taner, the economy minister for financial help to avert Polly Peck's liquidity crisis, but was turned down.

Mr Nadir took no part in the three day negotiations with Goldstar over the credit to Vestel which will be used to help finance an additional line in refrigerators and microwaves.

Mr Tahsin Karan, chief executive of Vestel and a Polly Peck director, denied that Vestel, which made TL173bn (£30.8m) in the first half of the year, was facing liquidity problems because of its parent group's situation, but said the company would make no new investments in 1991, and is likely to shelve plans for a TV tube plant and a washing machine manufacturing plant.

Meanwhile in London, Polly Peck employees held a Christmas party with the help of funds made available by the Administrators.

Midland to end HK Bank pact

MIDLAND BANK and the Hongkong and Shanghai Bank are expected to announce the termination of their formal shareholding agreement early next week, writes David Lascelles, Banking Editor.

The three-year-old pact, which sets the Hongkong Bank's stake in Midland at 14.9 per cent, expires on December 22.

Midland's board met yesterday and is believed to have agreed not to seek an extension. A similar decision is believed to have been taken by the Hongkong Bank board on Tuesday. Both have suffered severe losses this year and are not in a position to pursue their original plan of a full merger.

Next week's announcement is expected to stress the desire of both banks to continue their co-operation, which has already caused them to link up their computers and reshuffle their global banking interests to suit each other.

British Gas in Canadian deal

British Gas has taken control of Consumers Gas of Ontario and become the first natural gas utility to operate companies on both sides of the Atlantic.

British Gas has paid C$915m (£406m) to GW Utilities of Toronto, a subsidiary of Olympia and York Developments, for an 82 per cent shareholding.

It has made an offer for the remaining 18 per cent which expires on December 20. So far some 97 per cent of the shares had been tendered.

Philip Harris shows 38% fall

Philip Harris Holdings, which supplies equipment and materials to the scientific, educational, industrial and medical markets, suffered a 38 per cent fall in interim profits to £459,000 pre-tax.

The directors blamed the fall on higher interest charges of £411,000 (£220,000) and a £30,000 (nil) exceptional provision.

As anticipated, turnover fell 20 per cent to £32.9m – last year's figure of £40.87m included £11.3m of a now-completed Oman contract.

Interim dividend is a same-again 2p and is being paid from earnings of 3.95p (6.16p).

Thorn EMI expands US security side

Thorn EMI has paid $12.37m cash, or £6.36m, to buy Autocall, of Shelby, Ohio.

Autocall supplies electronic fire detection and control systems. It sells and services its products through nine field offices and an extensive distribution network.

Broad Street well down

By Alice Rawsthorn

BROAD STREET Group, the marketing concern which is struggling to stabilise its finances, yesterday unveiled a steep fall in pre-tax profits from £1.37m to £297,000 for the six months to September 30.

Mr John Sharkey, chairman, said Broad Street was "exploring every available option" to reduce its net debt, which reached £5.5m by the end of the first half. One option, he said, could be a full takeover by Boulet Dru Dupuy Petit, the French advertising group which already owns a large minority holding.

Group turnover fell to £8.43m (£9.44m) and operating income to £5.31m (£5.62m) mainly due to the problems of the original Broad Street financial public relations consultancy and Markham, the sports sponsorship company.

The group's two largest operations – Financial Dynamics and Lynne Franks in financial and consumer PR respectively – both increased profits. Its poorly performing units have now been merged into these businesses.

Basic earnings per share fell to 0.4p (2.09p). There will be no interim dividend – 0.65p was paid previously. Broad Street's shares fell by 1p to 8½p yesterday.

Mr Sharkey said trading conditions had been "even tougher" so far in the second half, but the group should benefit from lower central costs and reorganisation.

Micrelec rises 43%

Reflecting an increase in business in each area of activity, Micrelec Group recorded a 43 per cent advance in pre-tax profit in the six months ended September 30 1990.

The USM-quoted group, which mainly supplies automation equipment to petrol stations, made a profit of £1.11m (£776,000) on turnover increased substantially to £10.6m (£6.86m).

Earnings per share rose to 5.51p (4.86p) and the interim dividend is increased to 1.35p (1.2p).

The directors said results confirmed that market demand for the group's products and services remained strong.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price	+or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
100	F.P.	-	100	97	Aberforth Smaller Co's.	98		-	-	-	-
-	F.P.	-	30	28	Do. Warrants	29		-	-	-	-
240	100	-	169	141	East Midlands Elect. 50p	144½	+2½	R15.04	1.7	7.0	9.9
240	100	-	149½	143	Eastern Elect. 50p	143½	-½	R14.45	1.6	6.8	10.8
§100	F.P.	-	103	103	‡Eidos 10p	103		-	-	-	-
2	F.P.	-	4½	3	Finlan Group 1p	3		-	-	-	-
240	100	-	152½	138	London Elect. 50p	143½	+3½	R14.9	1.7	6.9	9.3
-	F.P.	-	22	19	‡MMI 1p	19		t1.0	2.4	7.0	7.3
240	100	-	179	159	Manweb 50p	170	+11	R16.0	1.8	12.5	5.1
240	100	-	159½	137	Midlands Elect. 50p	142½	+3½	R15.04	1.8	7.1	9.2
240	100	-	157½	139	Northern Elect. 50p	146	+2	R16.25	1.9	7.6	8.3
240	100	-	156	148	Norweb 50p	149		R13.63	1.7	7.20	10.5
1	F.P.	-	17	8	‡Paramount 2½p	9½		-	-	-	-
‡	F.P.	-	33	31	‡Pelican 20p	33		-	-	-	-
£1700	1000	-	£1600	£1450	Reg. Elect. Ptg. Unit	£1493	+35	-	-	-	-
240	100	-	151	139	Seeboard 50p	147	+4	R14.76	1.7	6.90	10.8
§100	F.P.	-	96	70	Smaller Cos. Inv. Tst50p	70		-	-	-	-
-	F.P.	-	23	18	Do Warrants	18		-	-	-	-
240	100	-	170	159	South Wales Elect. 50p	165½	-1½	R15.96	1.9	7.00	9.30
240	100	-	158	144	South Western Elect. 50p	151½	+5½	R15.2	1.6	7.00	11.0
240	100	-	157	142	Southern Elect. 50p	146½	+3½	R14.45	1.6	6.70	10.8
50	F.P.	-	45	38	Trio Inv. Tst.	39		-	-	-	-
-	F.P.	-	11	5	Do Warrants	8		-	-	-	-
‡	F.P.	-	126	109	Unichem 10p	118		R4.5	2.5	5.1	8.9
240	100	-	173	152½	Yorkshire Elect. 50p	159	+5½	R15.44	2.1	6.90	8.6

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	100¼p	99¾p	Bank of Scotland 9¼pc Non Cm Pf £1	100¼p	
100	F.P.	-	101	60	‡Bluebird Toys 12pc Cv. Uns. Ln. 2005	65	+5
‡	-	-	85	68	Brent Walker Capital 13pc Cv Cap Bd	85	
‡	P/P	29/11	38p	32¼p	‡Greenacre Group Cv. Rd. Prf. 70p	35p	
35	-	-	32½	30½	Grovewood Securities 8pc Cv Ln 2000	31½	+1
100p	F.P.	28/9	104p	91p	Perkins Foods 8p (Net) Cv Rd Pf	103p	
100p	F.P.	-	121p	106p	Reckitt & Colman 9.5pc Cv Bds 2005	119¼p	-½
100p	F.P.	-	102p	96p	TT Group 10½pc Cnv. Red. Prf. 1997	100p	
100	F.P.	-	110½	101¼	Tesco Capital 9pc Cnv Cap Bd. 2005	106½	+½
100p	F.P.	-	110p	103p	Worcester Gm Rd Cv Pf	108p	
100p	F.P.	-	105p	43p	Wyndham Group 9.375pc Cnv. Pf	50p	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1990 High	1990 Low	Stock	Closing Price p	+ or -
580	Nil	-	83pm	13pm	Brit. Borneo Pet. 10p	15pm	
25	Nil	-	¼pm	¼pm	England (J.) 5p	¼pm	
45	Nil	-	4pm	3pm	Excalibur Group 5p	3pm	
240	Nil	-	20pm	10pm	Harvey & Thompson 20p	10pm	
2½	Nil	-	¼pm	¼pm	‡Nat'l. Media Comms. 1p	¼pm	
25	Nil	-	¼pm	¼pm	Strong & Fisher	¼pm	
6	Nil	-	½pm	¼pm	‡Surrey Group 5p	¼pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1990. N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. § Issued by tender. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. ¶ Placing price. †† Reintroduction. ‡ Unlisted securities market. = Third Market. ‡ Issued in connection with reorganisation, merger or takeover.

TRADITIONAL OPTIONS

- First Dealings Nov 26
- Last Dealings Dec 14
- Last Declarations Mar 7
- For settlement Mar 18

For rate indications see end of London Share Service

Calls in: Davy Corp., Next, Premier, Tuskar Res.

Why the roof caved in on sheltered homes

Andrew Taylor looks at the declining fortunes of the retirement housing industry

FEW CORNERS of the British housing market have fallen further and faster since 1988 than the retirement homes industry.

The heady sales of two years ago, when prices of all types of houses were going through the roof, have collapsed as large numbers of elderly people have decided to stay put in their old homes and wait for the market and house prices to improve.

Annual sales of sheltered houses and flats are estimated to have fallen by a third since sales peaked two years ago. Many small independent companies which entered this market during the 1980s have gone out of business.

Builders of retirement homes, which traditionally come in complexes of between 30 to 50 units, cannot control costs by halting construction half way through a development. They have been unable to tailor construction expenditure to meet prevailing demand unlike a conventional housebuilder which may only start work on a single unit when there is a certain sale.

The depth of the recession can be gauged from the depressing figures announced yesterday by McCarthy & Stone. A similar sorry picture is expected to emerge on Monday when Anglia Secure Homes publishes its annual results.

Two years ago Anglia made record annual pre-tax profits of more than £8m on sales of £46m. Twelve months later sales had slipped to just under £44m and the group made a loss of £4.5m before tax. Analysts on Monday expect the group to announce a pre-tax loss approaching £7m for the year to the end of September.

Anglia was rescued earlier this year by a rights issue which raised just over £9m, including a cash injection of several million pounds from Commercial Union which has taken a 12.2 per cent stake in the group. After the issue net debt was running at about £40m compared with shareholders' funds of a similar amount.

Taking time out for an early morning cuppa in a sheltered way of life

Mr Peter Edmondson, Anglia's chairman and chief executive, and founder of the group, says it is impossible to measure the full extent of the decline.

He says: "We know some companies have gone out of business because we act as managers of sheltered homes for other developers."

The former Essex estate agent started building retirement homes at the beginning of the 1980s when he realised how many of his customers were elderly people looking to make a profit by trading down to a smaller home but wanting something more than a conventional bungalow.

Anglia estimates that at least 15,000 sheltered houses and flats were bought in 1988. Sales this year are thought to have fallen to about 5,000. Prices on average are estimated to have declined by about a fifth since 1988, after allowing for discounts and special offers.

"Everybody in the retirement homes industry will have taken a bath this year," says Mr Edmondson.

Yet retirement homes had been thought to be one of the few sectors of the housing market likely to be recession proof. Developers argued that elderly people would be less susceptible to sharp rises in interest rates as most would have finished repaying their mortgage and own their existing homes outright. They would be able to sell and take a small profit and still afford to buy into a sheltered development.

It turned out very differently. Two things have happened to the retirement market since it peaked in 1988:

- Large numbers of potential buyers have stayed out of the market either unable or unwilling to accept a lower price for their existing home;
- and the average age of buyers, which typically had been mostly women in their early 70s, rose sharply.

"Women still live longer than men but the average age of our buyers is now in the late 70s. These people, often because of health problems, cannot postpone a move to a more caring environment," says Mr Edmondson.

"The retirement business until now has mostly been an extension of the conventional housing market. Homes have provided only a base minimum of care: a warden on call, waist high electricity points and emergency buttons connected to a central monitoring point. Most buyers were relatively fit and healthy."

Anglia, supported by CU, is now reshaping its business to concentrate on supplying a greater range of services to an even older age group which it says will provide a more secure and stable market as Britain's elderly population continues to age.

Its new generation of developments will include permanently staffed residential nursing homes. There will also be a much higher level of in-house care and services including on site shopping and hotel style meals prepared three times a day. Residents will be able to buy in what services they require based on their individual and changing needs.

The proportion of young retired between the ages of 65-74 is likely to remain relatively static to the end of the century but the number of people aged 75 and older is likely to increase sharply, says Anglia.

A study by the Mercantile and General insurance group forecasts that the number of people aged more than 85 will rise by three-quarters by 2026.

"There is still a big market out there but instead of being property driven it will be service driven," says Mr Edmondson.

The group also intends to sell its services into the local community as health authorities increasingly contract out the care of the elderly to private sector organisations.

For CU there will be an opportunity to sell investment policies to clients anxious about how they will finance moving to accommodation provided by Anglia and others.

McCarthy & Stone has taken a different route and has pulled out of nursing homes. It says margins on this kind of business are too low to justify the heavy capital investment. It has diversified by moving overseas to France and switching some of its UK homes into houses and flats for first time buyers.

McCarthy and Anglia may differ in their approach but both are working on the principle that the elderly, like the poor, will always be with us. Neither, however, expects 1991 to show any great improvement on the year now drawing to a close.

McCarthy & Stone £11m loss

McCARTHY & STONE, Britain's biggest builder of retirement homes, yesterday cut its final dividend by more than three-quarters following a £10.8m pre-tax loss during the 12 months to the end of August, writes Andrew Taylor, Construction Correspondent.

Losses, which included a £1.3m provision against future property losses, would have been £3m higher but for profits from land sales, said Mr John McCarthy, the group's chairman and managing director.

The loss compared with a £7.1m pre-tax profit for the 12 months to end-August 1989.

McCarthy's share price yesterday slipped by 1p to 33p. A final dividend of 0.5p (2.64p) makes a 1p (3.95p) total.

Analysts, however, have been most concerned about the group's balance sheet although Mr McCarthy said yesterday that the company had the full support of its bankers.

He said net debt, excluding convertible loan stock of £14.8m, had fallen from £118.8m to to £90.4m reducing gearing from 110 per cent to 92 per cent. Including the loan stock, not convertible until 1999, gearing was just over 100 per cent.

Mr McCarthy concluded that sales were likely to remain very difficult next year but that the group was looking for a recovery in its 1991-92 financial year. It was therefore resuming construction work on new sites after a gap of almost two years.

Sales last year of 1,002 units compared with 1,571 in the previous year and a peak of 2,600 units in 1987-88.

Average prices last year increased from £63,100 to £70,600.

Mr McCarthy said prices, after allowing for special offers and a higher proportion of sales in south east England, had fallen by between 10 per cent and 15 per cent.

ECONOMIC DIARY

TODAY: Start of two Rome conferences on European monetary and political union (until December 16). Presidents of five Central American nations hold two-day meeting in Costa Rica.
TOMORROW: National Savings results for November.
MONDAY: CBI monthly trends enquiry (December). US durable goods (November). The economic/financial council of the European Community meets in Brussels. Start of two-day meeting of the European Community transport council in Brussels. Soviet Congress of People's Deputies in Moscow. Nato foreign ministers meet in Brussels.
TUESDAY: Public sector borrowing requirement (November). US merchandise trade (October); consumer price index (November) and real earnings (November). The general affairs council of the European Community meets in Brussels. Forest protection meeting at the Council of Europe in Strasbourg (until December 19). Resumption of Mozambique peace talks in Rome.
WEDNESDAY: Cross border acquisitions and mergers (third quarter). Gross domestic product (third quarter-provisional). Investment intentions of the manufacturing and service industries (autumn survey). New construction orders (October). US gross national product (third quarter-second revision); housing starts (November) and corporate profits (third quarter). Shanghai stock exchange opens.
THURSDAY: Engineering sales and orders at current and constant prices (October). Provisional figures of vehicle production (November). London and Scottish banks monthly statement (November). Provisional estimates of monetary aggregates (November). Parliament in recess for Christmas. Mr John Major, prime minister, visits Washington. German parliament meets in Berlin.
FRIDAY: Building societies figures (November). Capital expenditure and stocks (third quarter-revised). Cyclical indicators for the UK economy (November). Balance of payments current account and overseas trade figures (November).

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS — Figures in parentheses show number of stocks per section

	EQUITY GROUPS & SUB-SECTIONS	Friday December 14 1990: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1990 to date	Thu Dec 13 Index No.	Wed Dec 12 Index No.	Tue Dec 11 Index No.	Year ago (approx) Index No.	1990 High	1990 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (196)	726.97	+0.2	14.63	6.57	8.34	35.31	725.36	722.92	725.24	895.94	960.80 4/1	658.43 24/9	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (26)	983.88	+0.1	14.65	6.21	8.41	45.71	982.54	982.74	983.34	1064.19	1188.21 3/1	812.99 20/9	1381.08 16/7/87	44.27 11/12/74
3	Contracting, Construction (34)	1144.13	+0.5	16.38	7.03	7.94	59.58	1138.43	1137.47	1137.93	1461.30	1621.44 4/1	993.11 24/9	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	1920.07	-0.2	14.64	6.95	8.36	99.22	1923.00	1902.02	1919.97	2596.59	2751.15 4/1	1762.48 2/11	3040.80 8/9/89	84.71 25/6/62
5	Electronics (26)	1559.96	+0.7	10.26	5.51	12.99	61.02	1549.67	1533.11	1528.98	1902.72	2044.72 9/1	1486.79 24/9	2308.22 19/5/89	1229.01 8/10/85
6	Engineering-Aerospace (8)	402.31	+0.6	16.69	6.07	7.18	17.27	400.00	398.27	399.15	0.00	502.42 13/6	387.22 8/11	502.42 13/6/90	387.22 8/11/90
7	Engineering-General (48)	368.85	-0.3	15.76	6.95	7.66	19.28	370.00	370.07	370.29	0.00	505.10 15/6	344.45 8/11	505.10 15/6/90	344.45 8/11/90
8	Metals and Metal Forming (8)	401.33	.....	22.64	8.57	5.45	25.45	401.45	406.60	412.04	471.34	515.57 4/1	383.07 20/11	596.67 9/10/87	49.65 6/1/75
9	Motors (13)	294.48	+0.6	16.96	8.17	6.87	17.45	292.77	292.80	295.05	373.58	403.90 4/1	260.41 24/9	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (23)	1268.38	+0.1	13.29	6.45	8.70	62.67	1267.37	1258.52	1267.24	1711.85	1774.64 3/1	1103.89 1/11	1881.53 18/8/89	277.55 15/1/81
21	CONSUMER GROUP (178)	1232.44	-0.1	9.99	4.21	12.44	38.20	1233.36	1225.57	1231.07	1306.67	1357.03 3/1	1121.42 24/9	1417.92 4/9/89	61.41 13/12/74
22	Brewers and Distillers (22)	1591.17	+0.2	10.24	3.91	12.03	42.93	1588.39	1569.63	1579.74	1517.84	1650.55 20/7	1369.31 6/3	1650.55 20/7/90	69.47 13/12/74
25	Food Manufacturing (19)	1039.25	+0.4	11.17	4.76	11.03	34.87	1035.21	1028.41	1031.02	1146.50	1184.41 3/1	959.38 24/9	1220.42 4/9/89	59.67 11/12/74
26	Food Retailing (16)	2286.52	+0.7	9.84	3.29	13.27	64.97	2271.53	2264.39	2263.40	2219.28	2617.14 27/7	2188.04 30/4	2722.30 5/9/89	54.25 11/12/74
27	Health and Household (18)	2573.77	-0.4	6.94	2.94	17.07	59.28	2584.44	2547.58	2560.15	2692.55	2795.49 4/1	2166.10 24/8	2795.49 4/1/90	175.38 28/5/80
29	Leisure (32)	1221.36	-0.7	12.16	5.46	9.97	48.00	1229.97	1214.86	1228.73	1638.99	1717.22 9/1	1117.43 24/9	1845.77 8/9/89	54.83 9/1/75
31	Packaging & Paper (12)	523.28	-0.5	12.30	6.65	9.98	24.32	525.71	526.45	527.65	541.18	625.01 17/7	470.91 28/9	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (13)	2971.70	.....	12.09	6.38	10.35	140.95	2970.41	2961.84	2958.66	3767.35	3853.61 4/1	2764.16 28/9	5070.66 5/10/87	55.08 6/1/75
34	Stores (34)	789.60	-0.6	10.82	4.63	12.01	25.73	794.03	797.93	801.98	787.13	866.32 13/6	690.43 27/4	1160.58 29/7/87	52.63 6/1/75
35	Textiles (12)	402.87	+0.8	14.46	8.81	8.88	27.62	399.78	430.50	433.19	522.40	554.37 4/1	388.59 24/9	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (105)	1020.61	-0.5	12.45	5.66	9.72	35.54	1026.02	1016.22	1017.59	1164.94	1233.52 3/1	932.53 24/9	1233.52 3/1/90	58.63 6/1/75
41	Agencies (14)	929.29	-2.1	11.44	3.61	10.59	25.06	949.43	932.02	927.22	1570.18	1757.73 15/6	875.75 5/12	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (24)	1075.64	-1.6	12.61	6.27	9.36	51.96	1093.00	1087.71	1086.49	1216.67	1335.87 14/6	940.57 24/9	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (13)	1318.08	-0.4	13.14	7.59	9.09	45.14	1323.79	1298.94	1293.99	1616.30	1722.31 14/6	1200.88 12/11	1819.46 11/8/89	975.19 10/11/87
44	Transport (15)	1921.40	.....	13.55	5.32	9.08	79.19	1920.87	1903.30	1920.26	2267.74	2458.00 4/1	1736.14 14/11	2554.69 12/7/89	90.80 29/6/62
46	Telephone Networks (3)	1162.77	+0.3	11.50	4.35	11.31	27.94	1159.80	1140.92	1157.09	1182.06	1290.72 3/1	1017.41 26/9	1290.72 3/1/90	517.92 30/11/84
47	Water (10)	2166.86	-0.2	14.46	6.47	7.80	68.12	2172.27	2189.43	2170.15	0.00	2235.85 10/12	1820.20 1/5	2235.85 10/12/90	1820.20 1/5/90
48	Miscellaneous (26)	1595.39	-0.9	11.75	5.56	9.89	66.29	1610.24	1612.83	1596.29	1909.27	1981.35 3/1	1445.37 24/9	2087.06 11/7/89	60.39 6/7/75
49	INDUSTRIAL GROUP (479)	1044.47	-0.2	11.76	5.17	10.42	37.64	1046.06	1039.06	1042.41	1173.62	1234.94 3/1	950.55 24/9	1273.71 5/9/89	59.01 13/12/74
51	Oil & Gas (21)	2287.22	+0.5	9.78	5.57	13.35	95.42	2276.43	2274.64	2285.11	2376.32	2528.70 3/8	2111.34 30/4	2528.70 3/8/90	87.23 29/5/62
59	500 SHARE INDEX (500)	1146.94	.....	11.46	5.23	10.78	42.32	1147.61	1140.95	1144.87	1273.97	1338.65 3/1	1068.52 28/9	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (102)	726.56	-0.5	–	6.60	–	35.36	730.33	726.99	730.06	834.90	869.67 3/1	621.68 24/9	896.67 13/10/87	55.88 13/12/74
62	Banks (9)	774.00	-1.2	20.81	7.48	6.29	43.40	783.27	773.24	775.26	865.36	918.30 2/2	650.43 24/9	918.30 2/2/90	62.44 12/12/74
65	Insurance (Life) (7)	1318.25	+0.5	–	5.82	–	55.82	1311.19	1313.04	1329.02	1386.57	1519.19 29/6	1220.17 1/5	1519.19 29/6/90	44.88 2/1/75
66	Insurance (Composite) (6)	629.39	-0.3	–	6.79	–	32.08	631.07	637.07	641.82	714.42	763.09 2/1	526.46 24/9	768.11 29/12/89	43.96 13/12/74
67	Insurance (Brokers) (8)	975.72	+0.3	7.76	6.64	16.89	48.39	972.51	967.67	989.73	1136.64	1194.74 4/1	757.70 24/9	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (7)	356.51	.....	5.46	5.76	24.40	15.48	356.33	355.79	357.18	476.16	502.02 8/2	319.38 24/9	547.59 12/10/87	31.21 7/1/75
69	Property (44)	986.73	-0.5	7.17	5.05	18.86	35.10	991.58	985.55	982.26	1211.19	1242.53 4/1	834.72 24/9	1398.87 5/9/89	56.01 20/4/65
70	Other Financial (21)	255.39	.....	10.90	7.10	11.63	14.00	255.31	255.01	254.11	331.86	350.59 4/1	233.78 1/10	603.48 16/7/87	33.29 17/12/74
71	Investment Trusts (70)	1020.25	-0.4	–	3.96	–	29.58	1024.76	1023.13	1024.85	1285.84	1323.81 4/1	954.21 28/9	1323.81 4/1/90	71.12 13/12/74
91	Overseas Traders (5)	1172.70	-1.3	12.17	7.88	9.78	70.90	1187.67	1204.22	1215.17	1513.01	1614.04 3/1	1036.92 2/11	1614.04 3/1/90	97.37 6/1/75
99	ALL-SHARE INDEX (677)	1042.90	-0.1	–	5.41	–	40.20	1044.39	1038.76	1042.43	1169.73	1226.83 3/1	962.09 24/9	1238.57 16/7/87	61.92 13/12/74
		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Dec 13	Dec 12	Dec 11	Dec 10	Dec 7	Year ago				
	FT-SE 100 SHARE INDEX‡	2168.4	-3.8	2184.6	2166.6	2172.2	2156.9	2165.8	2182.5	2183.4	2344.7	2463.7 3/1	1990.2 28/9	2463.7 3/1/90	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Dec 14	Day's change %	Thu Dec 13	xd adj. today	xd adj. 1990 to date
	British Government					
1	Up to 5 years	119.96	+0.23	119.69	–	11.51
2	5-15 years	129.59	-0.02	129.61	–	12.68
3	Over 15 years	132.35	-0.19	132.60	–	11.90
4	Irredeemables	149.90	+0.60	149.01	–	13.70
5	All stocks	128.43	+0.06	128.35	–	12.35
	Index-Linked					
6	Up to 5 years	157.42	-0.14	157.64	–	3.04
7	Over 5 years	145.36	-0.17	145.60	–	3.82
8	All stocks	146.14	-0.17	146.39	–	3.75
9	Debentures & Loans	103.78	+0.05	103.72	–	11.35
10	Preference	74.10	+0.15	73.99	–	6.66

	AVERAGE GROSS REDEMPTION YIELDS		Fri Dec 14	Thu Dec 13	Year ago (approx.)	1990 High	1990 Low
	British Government						
1	Low	5 years	9.66	9.62	10.31	12.36 2/5	9.43 26/11
2	Coupons	15 years	10.07	10.02	9.66	11.94 30/4	9.58 2/1
3		25 years	10.09	10.05	9.58	11.85 30/4	9.52 2/1
4	Medium	5 years	10.81	10.85	11.17	13.58 2/5	10.77 7/12
5	Coupons	15 years	10.38	10.34	10.04	12.45 27/4	9.97 2/1
6		25 years	10.21	10.19	9.67	11.98 27/4	9.65 2/1
7	High	5 years	10.94	10.97	11.31	13.67 2/5	10.89 7/12
8	Coupons	15 years	10.56	10.52	10.24	12.76 27/4	10.17 2/1
9		25 years	10.35	10.31	9.81	12.27 27/4	9.78 2/1
10	Irredeemables	†	10.22	10.27	9.67	11.83 30/4	9.66 4/1
	Index-Linked						
11	Inflation rate 5%	Up to 5yrs.	3.80	4.02	3.88	5.48 20/7	3.46 5/10
12	Inflation rate 5%	Over 5 yrs.	4.09	4.12	3.62	4.43 17/10	3.60 4/1
13	Inflation rate 10%	Up to 5 yrs.	2.41	2.81	2.94	4.37 9/7	2.32 5/10
14	Inflation rate 10%	Over 5 yrs.	3.89	3.94	3.44	4.23 17/10	3.43 4/1
15	Debs &	5 years	12.52	12.52	12.94	16.70 30/4	12.52 14/12
16	Loans	15 years	12.32	12.32	12.43	14.48 26/4	12.27 12/1
17		25 years	12.12	12.13	12.07	13.89 4/5	11.99 2/1
18	Preference	†	12.75	12.76	10.79	13.13 5/10	10.87 2/1

‡Opening index 2173.5; 9 am 2180.6; 10 am 2174.0; 11 am 2181.6; Noon 2184.5; 1 pm 2184.5; 2 pm 2181.2; 2.30 pm 2179.8; 3 pm 2179.2; 4.10 pm 2166.7; (a) 11.50am (b) 4.11pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Engineering - Aerospace	29/12/89	486.00	Other Industrial Materials	31/12/80	287.41	Food Retailing	29/12/67	114.13
Engineering - General	29/12/89	486.00	Health/Household Products	30/12/77	261.77	Insurance Brokers	29/12/67	96.67
Water	29/12/89	1968.45	Other Groups	31/12/74	63.75	All Other	10/4/62	100.00
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	British Government	31/12/75	100.00
Conglomerates	31/12/86	1114.07	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Telephone Networks	30/11/84	517.92	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00
Electronics	30/12/83	1646.65	Food Manufacturing	29/12/67	114.13	Preference	31/12/77	76.72
						FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 35p.

LONDON TRADED OPTIONS

EQUITY FUTURES maintained a strong lead over the cash market yesterday as investors continued to use the derivatives to cover themselves against a shortage of stock.

Securities houses had taken short positions on the belief that equities were heading lower. But when the FT-SE index failed to fall as low as the important 2,150 level, brokers tried to make up for their lack of stock by buying equity futures. The FT-SE index closed 4 lower at 2,168.

London shares had been moving higher during the first half of the session, following a strong performance by the US. The market was also reassured by the UK November inflation data, which dropped, as expected, to 9.7 per cent from 10.9.

The rise in oil prices and the retreat on Wall Street pushed the market lower, but futures managed to hold a strong premium to the spot FT-SE index as County NatWest remained active buyers.

Institutional investors took advantage of the strength of the futures market, rolling over December FT-SE positions into March. This was reflected in the difference between December and March FT-SE contracts, which widened to 38 points from 36 and at one stage reached 42.

Brokers said futures continue to reflect short-term bullishness, despite losses on the underlying market.

Worries over tension in the Gulf have eased since the release of the hostages and this has tempted some dealers to talk of a rally before the year-end.

December FT-SE closed at 2,180, down 7 points on the day, while its premium to the cash market finished at 14 from 17 and compared with fair value of 5.

In traded options, dealing remained depressed Hanson was the busiest stock option as one broker was reported to have bought 2,000 February 220 calls, which was said to be a closing trade.

Option		CALLS Jan	Apr	Jul	PUTS Jan	Apr	Jul
Alld Lyons (*489)	460	39	62	68	6	14	20
	500	16	37	43	22	30	37
	550	4	17	–	–	64	67
ASDA (*121)	120	8	13	18	5½	9	11
	130	4	8	14	11	16	17
	140	1½	5	8	21	23	25
Brit. Airways (*147)	140	14	19	23	4	9	14
	160	4	10	12	15	17	21
	180	1½	5½	–	34	33	–
SmKl Beecham A (*614)	550	72	90	107	2½	11	17
	600	31	56	75	15	26	32
	650	9	30	48	43	50	58
Boots (*330)	300	34	50	55	3½	9	12
	330	16	30	35	12	17	20
	360	4	15	22	33	34	38
B.P. (*325)	300	30	40	47	2½	7½	10
	330	10	20	29	13	18	22
	360	3½	10½	18	37	39	41
British Steel (*118)	110	10	16½	18½	1½	4	6½
	120	4	9	12	7	8½	12
Bass (*1052)	1050	38	77	107	30	47	58
	1100	17	57	–	62	73	–
	1150	7	37	–	105	108	–
C & Wire (*454)	420	46	64	77	6	12	18
	460	18	39	51	22	28	33
	500	6	22	32	50	53	60
Courtaulds (*342)	330	23	37	43	8	13	18
	360	8	21	27	24	27	32
	390	3	11	–	50	50	–
Com. Union (*487)	460	43	52	60	6	19	21
	500	16	26	40	24	38	41
	550	3	8½	–	65	73	–
GKN (*326)	300	37	44	50	4	13	16
	330	15	25	33	14	27	30
	360	5	12	20	35	47	50
Grand Met. (*653)	600	60	77	95	7	17	23
	650	21	45	63	29	38	43
	700	7	23	–	64	70	–
I.C.I. (*909)	900	42	62	80	25	55	62
	950	18	40	60	53	85	90
	1000	8	22	–	95	125	–
Kingfisher (*365)	360	22	39	47	10	19	25
	390	8	26	31	27	30	38
	420	3	13	19	57	57	58
Ladbroke (*258)	240	25	36	42	4	8	11
	260	11	24	30	12	18	22
	280	5	15	21	25	29	33
Land Secur (*539)	500	50	70	78	4	10	16
	550	16	38	45	24	29	35
M & S (*224)	220	13	22	26	5½	9	14
	240	5	12	17	19	22	25
STC (*322)	300	23	23	23	½	1	1
	330	1	1	1	13	14	14
Sainsbury (*302)	300	13	26	32	10	14	18
	330	3	12	17	32	32	34
Shell Trans. (*445)	420	37	45	57	5	13	17
	460	10	21	35	20	32	37
Storehouse (*111)	110	5	12	14	7	10	12
	120	2½	7	9	15	17	19
Trafalgar (*198)	180	26	35	37	4½	11	17
	200	11	23	26	12	20	27
Utd. Biscuits (*324)	300	32	39	45	3½	9	12
	330	9	19	28	15	24	25

Option		CALLS Jan	Apr	Jul	PUTS Jan	Apr	Jul
Unilever (*691)	650	50	74	87	9	18	23
	700	19	44	59	27	37	45
Ultramar (*325)	300	30	43	52	4	9	12
	330	13	24	35	15	23	25
Option		**Jan**	**Mar**	**May**	**Jan**	**Mar**	**May**
Elec. Pig (*£1485)	1450	95	140	190	35	50	75
	1500	60	110	160	60	80	100
Eastern Elec (*143)	140	9	15	19	5	7	9
	160	2	6½	10	19	20	21
Southern Elec (*146)	140	12	17	21	4	5½	7
	160	3	7½	11	16	17	18
Option		**Feb**	**May**	**Aug**	**Feb**	**May**	**Aug**
Brit Aero (*530)	500	50	62	77	13	25	30
	550	22	33	50	34	50	55
BAA (*411)	390	38	55	60	10	16	22
	420	20	38	45	22	30	37
BAT Inds (*598)	550	70	80	100	9	20	27
	600	32	50	65	25	40	44
BTR (*335)	330	24	30	40	12	20	24
	360	10	18	28	30	37	40
Brit. Telecom (*387)	280	15½	27½	32	10½	13½	16
	300	6½	17	22	22½	26	28
Cadbury Sch (*327)	300	41	45	55	4½	9	11
	330	19	27	37	14	22	23
Guinness (*767)	750	48	70	93	21	35	39
	800	26	45	66	47	59	63
GEC (*177)	160	19½	27	30	3	4½	8
	180	7	14½	17	10½	13	17
Hanson (*199)	180	19½	24	27	4	7	8½
	200	6	12½	16	14	16	18
LASMO (*390)	390	28	40	52	20	27	33
	420	13	28	37	37	42	47
Lucas Inds (*136)	130	14	21	27	7	11	13
	140	8	15	20	12	16	16
P. & O. (*534)	500	55	65	77	14	28	32
	550	23	38	53	35	54	57
Pilkington (*172)	160	18	28	29	5	8	12
	180	8	16	18	14	17	21
Prudential (*204)	200	14	19	25	6	11	14
	220	5	8	15	18	24	25
Racal (*187)	180	18	27	32	9	13	16
	200	8	17	21	20	24	26
R.T.Z. (*450)	420	49	55	69	9	19	22
	460	23	32	45	25	36	40
Scot. & New (*358)	360	19	32	38	20	25	31
	390	6½	20	25	42	45	50
Tesco (*231)	220	21	25	31	5	8	9
	240	8	14	21	14	17	18
Thames Water (*263)	240	27	34	39	4½	7	12
	260	12	21	26	13	17	21
Water Hldg Pkg (*£2580)	2350	290	–	–	30	–	–
	2400	250	–	–	50	–	–
Option		**Jan**			**Jan**		
Ferranti (*14)	20	1	–	–	6	–	–
	25	½	–	–	12	–	–
Option		**Dec**	**Feb**	**Apr**	**Dec**	**Feb**	**Apr**
Fisons (*379)	360	21	35	43	1	8	12
	390	2½	17	25	14	22	26
Option		**Dec**	**Mar**	**Jun**	**Dec**	**Mar**	**Jun**
Abbey Nat. (*228)	220	9	19	22	1	8½	11
	240	2	9	13	13	20	22

Option		CALLS Dec	Mar	Jun	PUTS Dec	Mar	Jun
Amstrad (*65)	60	6	11	14	1½	5	7
	70	1	5½	10	6	9½	11
Barclays (*362)	360	–	29	35	–	24	30
	390	–	14	22	–	45	47
Blue Circle (*220)	220	5	20	24	5½	13	20
	240	1½	11	16	22	24	30
British Gas (*236)	220	17	23	31	1	6	8
	240	3	12	19	6	14	15
Dixons (*139)	130	10	17	23	1	7	12
	140	3	10	17	5	11	16
Glaxo (*867)	850	23	63	92	6	33	42
	900	3	37	–	40	59	–
Hawker Sidd (*419)	390	30	58	65	2	13	25
	420	12	40	45	12	25	38
Hillsdown (*251)	240	13	28	34	2	9	14
	260	2	17	23	11	18	23
Lonrho (*213)	200	16	20	26	2	14	15
	220	–	11	17	–	24	25
Midland Bk (*213)	200	14	25	29	2	14	22
	220	2	14½	19	11	23	30
Reuters (*667)	650	30	73	102	9	50	66
	700	5	50	77	43	78	95
R. Royce (*162)	160	4	15½	18	3	10	13
	180	1	7½	9	19	22	25
Sears (*83)	80	4	10	12	2½	6½	8½
	90	1	4½	7	9	11	13
THF (*251)	240	13	28	30	1½	7	12½
	260	2½	14	18	11	15	22
Thorn EMI (*669)	650	23	59	78	4	21	30
	700	3	29	48	35	42	52
TSB (*139)	130	10	14	18	1	5	7
	140	2	8	12	2½	10	14
Vaal Reefs (*$53)	50	5	9	13	3	7	6
	60	1	6	10	8	14	15
Wellcome (*434)	420	15	46	62	4	22	28
	460	2	25	42	32	44	50

EURO FT-SE INDEX (*2167)

	1975	2025	2075	2125	2175	2225	2275	2325
CALLS								
Dec	205	156	105	63	30	8	3	1½
Jan	221	176	135	97	65	38	23	11
Feb	–	195	–	118	–	62	–	25
Mar	–	215	–	145	–	90	–	47
Jun	–	270	–	203	–	147	–	98
Sep	–	313	–	248	–	195	–	140
PUTS								
Dec	1	2½	6	12	27	57	98	145
Jan	13	17	23	33	50	81	115	147
Feb	–	25	–	50	–	90	–	154
Mar	–	37	–	63	–	105	–	162
Jun	–	55	–	85	–	125	–	173
Sep	–	73	–	95	–	138	–	183

FT-SE INDEX (*2167)

	2000	2050	2100	2150	2200	2250	2300	2350
CALLS								
Dec	187	138	91	45	17	5½	1½	½
Jan	205	160	120	83	53	33	18	10
Feb	225	183	144	112	81	57	37	–
Mar	243	205	168	133	101	78	57	–
Jun †	288	–	212	–	150	–	103	–
PUTS								
Dec	2	3	8½	19	44	89	138	188
Jan	14	20	30	45	68	98	140	189
Feb	25	35	46	63	84	114	149	–
Mar	34	43	55	74	95	122	154	–
Jun †	57	–	85	–	122	–	178	–

December 14 Total Contracts 20,106
Calls 11,633 Puts 8,473
FT-SE Index Calls 1,141 Puts 2,974
Euro FT-SE Calls 154 Puts 130
*Underlying security price. † Long dated expiry months

INTERNATIONAL COMPANIES AND FINANCE

Kerkorian takes 9% of Chrysler

By Martin Dickson in New York

MR KIRK Kerkorian, the 73-year-old businessman, has acquired more than 9 per cent of Chrysler, the third largest US car maker. Chrysler responded by strengthening its "poison pill" anti-takeover defences.

Mr Kerkorian's investment, estimated to have cost him around $230m, is likely to have been financed from the proceeds of his recent sale of his majority equity stake in MGM/UA, which was bought by Pathe Communications in a deal worth $1.36bn.

Mr Kerkorian, who raised about $1bn from the MGM sale, had been expected to spend a substantial part of the money on a new Las Vegas casino and hotel venture.

The California-based investor, son of an Armenian fruit-seller, is known for wheeling and dealing in companies and particularly for investments in the entertainment business.

Analysts viewed his Chrysler stake as a curious investment play. Chrysler is the weakest of the US Big Three manufacturers and only recently called off merger talks with Fiat of Italy.

The chances of a bid for the company from another party have never seemed particularly high, given the depressed state of the motor industry.

Chrysler, which described Mr Kerkorian's move as "not solicited", declined to comment on his motives but said it was strengthening its poison pill shareholder rights plan.

The aim was to enhance the ability of the board to act in the best interest of shareholders if someone should seek to obtain "a position of control or substantial influence over Chrysler".

The move cuts from 20 per cent to 10 per cent the proportion of company shares one party has to buy to trigger the poison pill. The pill gives shareholders – other than the 10 per cent holder – the right to buy Chrysler stock at half price.

Thyssen profits sink

By David Goodhart in Bonn

THYSSEN, the diversified German heavy industrial group, suffered a sharp fall in post-tax earnings in 1989-1990 mainly due to a collapse in profits at the special steel division. The Thyssen figures suggest that the other steel-based engineering conglomerates of the Ruhr area will also report lower earnings thanks to a weakening in the steel market.

Thyssen's pre-tax profits sank from DM1.7bn to DM1.3bn ($878m) and post-tax profits from DM825m to DM690m while sales continued to rise from DM34.2bn to DM36.2bn. The underlying dividend was held at DM10 a share but to mark the company's 100th jubilee an extra DM1 is being paid.

Mr Dieter Spethmann, the retiring chief executive, would have preferred to bow out with a better result but improving on the exceptional year 1988-89 was never a realistic possibility and he was still able to tell the supervisory board yesterday that 1989-1990 was the second best result in the company's history.

Thyssen has record orders of DM15bn for the coming year. In the past year it invested DM3.2bn of which DM500m has been earmarked for east Germany where the company is involved in about 40 projects.

Grolsch gains entry to German beer market

By Ronald van de Krol in Amsterdam

GROLSCH, the Dutch brewer, is to take over Rheinisch-Bergischen Brauerei, the regional German beer group, giving it an important foothold in the German market.

The German brewer, which is better known as the Wicküler group, has annual sales equivalent to Fl 300m ($180m), or roughly three quarters of Grolsch's sales of Fl 415m.

Grolsch declined to say how much it is paying Wicküler's owners, the Werhahn family, who also have interests in shipping and insurance. Analysts said the sum was certainly over Fl 100m. Grolsch will pay in cash out of liquid assets, which stood at Fl 90m at the end of 1989.

The acquisition brings to an end Grolsch's long search for a suitable takeover candidate in Germany, Europe's biggest beer market. The takeover also transforms it from a one-brand company. Trading in Grolsch was suspended on the Amsterdam bourse yesterday ahead of the announcement and is due to resume on Monday. Its shares closed at Fl 158.50 on Thursday, a 12-month high.

The Wicküler group's three beers are its flagship brand Wicküler, which is sold throughout the Ruhr area, and two specialist brands, Küppers and Sion, both sold mainly in and around Cologne.

Mr Paul Snoep, Grolsch chairman, said the deal marked the end of its acquisition search in Germany but added that it was still keen to buy an ale brewer in the UK.

Wicküler will give Grolsch relatively big access to the traditionally fragmented German market, where 1,150 breweries produce and sell more than 3,000 brands of beer.

Northern Feather wafts into a web of deceit

Hilary Barnes reviews Denmark's biggest collapse

Mr Johannes Petersen, executive chairman of Nordisk Fjer – the Northern Feather Group – was a man in whom people believed, until he took his own life on November 16.

An outgoing, self-confident person, who had held the top position in one of Denmark's oldest listed companies for 18 years and master-minded its international expansion, no one doubted his competence or his integrity.

Northern Feather was started at the beginning of the century as an importer and trader in down and feathers. Mr Petersen developed a strategy for international expansion in the 1970s. By the time of the collapse it counted bedding, home textiles, auto textiles and leisure products among its activities.

Only days before the collapse of Northern Feather Holding, which went into the Danish equivalent of receivership on November 18 and is the biggest corporate crash in the country's history, at least one of Denmark's most experienced investment bankers was still sufficiently confident in Mr Petersen to buy more shares in the business.

Like other investors and shareholders, he had been told by the chairman that 52 per cent of the stock in Northern Feather Holding had been sold to foreign investors and that he had DKr500m ($87.7m) in the kitty with which to put right the admittedly weak finances of the group and consolidate the business. Mr Petersen, however, was lying.

The stock was never sold. There was no money. The group, which was his life's work, was a financial ruin. The preliminary deficit in three key companies, after writedown of receivables, contingent liabilities and guarantees, was put in an auditor's report for the receivers this week at over DKr6bn.

The receivers found that while Northern Feather Holding had reported profits for the year ending March 31 of DKr95m and equity capital of DKr858m, the group's own financial section had arrived at a loss of DKr349m and equity capital of DKr4m. "Special group entries" made up the difference.

The entries included entering currency losses of DKr185m as an asset, expenditure by subsidiaries as an asset under the heading "restructuring costs" and an addition to the value of stock in trade of DKr75m.

The accounts for the period were unaudited, and, as the receivers said in the understatement of the year, they "did not present a true and fair picture of the group's result and financial position." Bankers and shareholders have not hesitated to describe what happened this autumn as "a swindle", but how it came to pass that Mr Petersen changed from honest industrialist to fraudster is a matter for psychological speculation.

A likely explanation is that as the finances of the group, which he ran very much as a one-man show, went from bad to worse he gradually wove a web of lies and untruths from which he was unable to extricate himself. That the group's financial position was unsound had been apparent to more cautious investors for several years.

Its 1988-89 annual report lists operations in 20 countries, including five factories in the Far East, eight factories in North America and 15 factories in Europe, including Northern Feather, at Ashton, in the UK.

A foundation for the support of a Danish art collection, of which the governor of the National Bank (the central bank), Mr Erik Hoffmeyer, is chairman, stopped accepting Northern Feather's new share issues in 1985. One of the big pension funds sold out of the group in 1987 after making its own analysis of the group's financial situation.

Others, however, chose to ignore the signals that all was not as it should be. Accounting principles were frequently changed (revaluations of material assets, goodwill written off over longer and longer periods) as were auditors.

It has subsequently emerged that one of the auditors made sure that a personal copy of a critical report was sent to every member of the supervisory board, but Mr Petersen seems to have dismissed the report with a waggle of his bushy eyebrows and the board failed to press him into discussing the report.

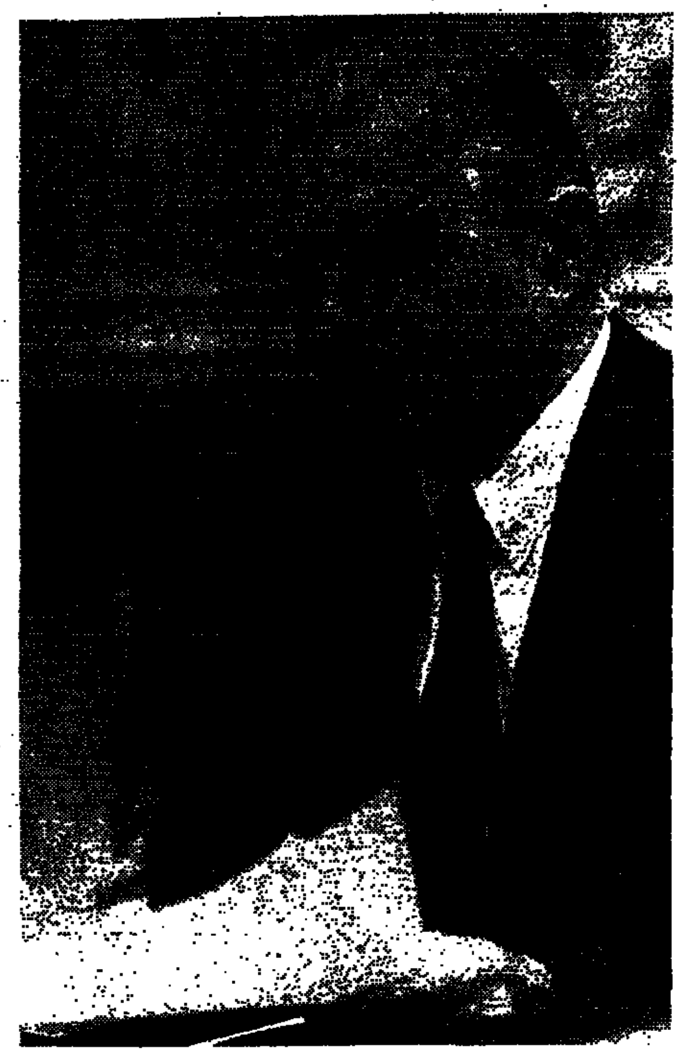
Group turnover in the last year for which accounts are available was about DKr2.6bn. Turnover was doubled in 1988 by the US acquisition of Chatham Manufacturing.

Having built up a chain of factories producing up-market products with a good reputation for quality and design, and sales and distribution channels in most parts of the world, the receivers in Copenhagen hope that bankruptcy can be avoided and the group can be reconstructed around the sound parts of the operation. This, however, will be difficult, not least because of the far-flung nature of Northern Feather's operations.

The 10 Danish banks may be prepared to wait patiently, but it is by no means certain that the 69 foreign banks owed money by various Northern Feather companies around the world will be as patient. Denmark's two biggest banks, Unibank and Den Danske Bank, are the biggest single claimants, with a total of about DKr600m owned to them.

Whether a reconstruction is possible will depend on the willingness of the banks to refrain from pressing their claims over the next few months. Unsecured creditors were told by the receivers this week that the preliminary deficit, if the company went into bankruptcy, in Nordisk Fjer Holding, including the write-down of receivables, contingent claims and guarantee commitments, was DKr2.6bn. The preliminary deficit for Nordisk Fjer Administration og Forvaltning was DKr1.5bn, and in Northern Feather International NV of the Netherlands, DKr2.7bn.

Shareholders will get nothing if the business is liquidated. Unsecured creditors will get between 1 and 10 per cent in the three named companies, said the receivers.



Johannes Petersen: refused to discuss critical report

NCR formally rejects AT&T bid

By Martin Dickson

NCR, the fifth largest US computer company, yesterday formally rejected a $6.1bn hostile bid from American Telephone & Telegraph, but AT&T, underlining its resolve to fight a long battle, said that it was "determined" to conclude a merger.

The NCR move, which followed a board meeting on Thursday to consider the AT&T offer of $90 a share, had been fully expected, since Mr Charles Exley, the company's chairman, had already rejected the bid several times.

Yesterday's statement described the offer as "grossly inadequate". Mr Exley said AT&T was attempting to "take advantage of NCR's artificially and temporarily depressed stock price. We cannot and will not permit them to seize for themselves the enormous values that are building steadily within NCR".

AT&T said that the offer was "full and fair", that it was now examining its options and that it would still much prefer to reach a negotiated agreement.

One option is for it to press ahead with a proxy fight – a shareholder voting battle – designed to oust the NCR board. This could be a means of putting pressure on the company to negotiate an agreement.

NCR, which has claimed over the past week or so to have received expressions of interest from other US and foreign companies, said in a filing with the Securities and Exchange Commission yesterday that it was not engaged in any negotiations over a merger, buy-out or reorganisation.

Meanwhile, it filed a lawsuit in its home state of Ohio alleging that AT&T's filings in its tender offer were "false, manipulative and misleading". Among other things, NCR claimed that AT&T had failed to disclose that the offer was conditional on NCR's board approving a friendly transaction and that it had omitted information concerning "AT&T's failure in the computer industry".

Crédit Suisse will keep holding company structure

By William Dullforce in Geneva

THE CREDIT Suisse group has no intention of abandoning the holding company structure it adopted last year following the adverse ruling on its capital requirements from the Swiss Federal Tribunal (supreme court).

Mr Peter Küpfer, CS Holding director, said yesterday the decision to adopt the holding company structure had aimed not only at freeing Crédit Suisse's capital. It also recognised that a group of enterprises with such diverse activities and cultures could not be properly run by the general management at Switzerland's third largest bank. But, he added, "we did not expect to be caught by the Banking Commission's decision".

The Federal Tribunal on Wednesday rejected an appeal by CS Holding against the Commission's ruling that the bank, Crédit Suisse, had to hold sufficient capital against the exposure at CS First Boston, the group's investment banking arm.

The Commission considered Crédit Suisse was behind CS First Boston which should be consolidated with the bank as far as capital requirements were concerned instead of being treated as a separate subsidiary of CS Holding.

BHP confident on the outlook

By Tim Blue in Sydney

THE outlook for BHP, Australia's biggest company, for the current half was sound, but profits from the steel division would continue to suffer from lower margins on export sales, the company says.

The steel and natural resources group said the slowdown in the Australian economy had severely affected domestic steel despatches and "only a slow recovery is expected".

It added that the future of oil prices was uncertain. However, it expected to realise lower average oil prices in the May 1991 half year than the half year just finished.

For the six months to November 30, BHP unveiled a 65 per cent rise in net profit to A$901.8m (US$687.3m), after extraordinary gains and losses. Total sales rose to A$9bn, compared with A$7bn last time.

The extraordinary items included gains of A$114m from the sale of BHP Petroleum's 30 per cent stake in Woodside Petroleum, and A$197m from changes to the tax deductibility of oil platform removals and the new resource rent tax.

The gains were offset by losses of A$372.9m associated with the writedown to book value of the oil division's North American properties. BHP said the group had reassessed the values after deciding to concentrate its activities in selected North American onshore operations and the Gulf coast region offshore.

BHP also gained A$219m from unrecognised profits on the sale of properties to BHP Gold Mines in 1987. These profits followed the merger of BHP Gold with Newmont Australia in the second quarter. BHP accepted Newmont's offer for its 54.9 per cent stake in BHP Gold.

Directors said BHP Petroleum's 92 per cent higher profit (after extraordinary items) was influenced by the 37.3 per cent rise in oil prices compared with a year ago. Oil prices averaged US$33.21 a barrel during the reporting period.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1990	Low 1990
Gold per troy oz.	$373.75	+4.50	$412.25	$420.25	$345.75
Silver Per troy oz	204.15p	-9.20	349.60p	323.50p	204.15p
Aluminium 99.7% (cash)	$1520.0	-44.0	$1630	$2227.5	$1380.0
Copper Grade A (cash)	£1271.5	-28.5	£1511.5	£1747.5	£1244.0
Lead(cash)	£329	-1	£432.0	£790	£315.5
Nickel (cash)	$7932.5	-342.5	$9300	$11375	$8075
Zinc SHG (cash)	$1277.5	-11.0	$1555	$1869	$1236.5
Tin (cash)	$5800	+75	$8995	$7020	$5725
Cocoa Futures (Mar)	£693	-1	£623	£967	£622
Coffee Futures (Mar)	£599		£663	£757	£548
Sugar (LDP Raw)	$247.0	-1.6	$331.6	$386.4	$241.7
Barley Futures (Mar)	£119.40	-0.80	£113.25	£120.45	£103.45
Wheat Futures (Mar)	£122.75	+1.30	£116.90	£124.20	£111.00
Cotton Outlook A Index	84.10c	+1.45	77.45c	92.70c	73.70c
Wool (64s Super)	414p	+2	576p	580p	398p
Oil (Brent Blend)	$26.35w		$19.275	$39.175	$15.575

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb. w-February

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$22.25-2.45t	+0.70
Brent Blend (dated)	$28.05-8.15	+0.15
Brent Blend (February)	$26.30-6.40	+.675
W T I (1 pm est)	$26.68-6.72t	+.575
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$246-249	+5
Gas Oil	$265-267	+4
Heavy Fuel Oil	$138-140	+5
Naphtha	$263-265	+7½
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$373.75	+0.75
Silver (per troy oz)♣	396.40c	-4.85
Platinum (per troy oz)	$418.10	+0.35
Palladium (per troy oz)	$87.75	+0.25
Aluminium (free market)	$1545	+25
Copper (US Producer)	115c	
Lead (US Producer)	50c	
Nickel (free market)	368c	+2
Tin (Kuala Lumpur market)	15.17r	
Tin (New York)	267c	+1
Zinc (US Prime Western)	70c	
Cattle (live weight)†	106.72p	+0.03*
Sheep (dead weight)†	145.58p	+3.24*
Pigs (live weight)†	78.62p	+3.69*
London daily sugar (raw)	$247w	-2
London daily sugar (white)	$304.5w	+1.3
Tate and Lyle export price	£235.0	-0.5
Barley (English feed)	Unq	
Maize (US No. 3 yellow)	£163.50	-0.75
Wheat (US Dark Northern)	£87	
Rubber (Jan)♥	50.00p	-0.25
Rubber (Feb)♥	50.25p	-0.25
Rubber (KL RSS No 1 Jan)	240.5m	-0.5
Coconut oil (Philippines)§	$312.5w	-2.5
Palm Oil (Malaysian)§	$340v	
Copra (Philippines)§	$232.5t	
Soyabeans (US)	£139	-2
Cotton "A" index	84.10c	+0.05
Wooltops (64s Super)	414p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg q-Nov/Dec. t-Feb. v-Jan. w-Dec/Jan z-Jan/Feb. x-Mar †Meat Commission average fatstock prices. * change from a week ago ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	215.40	215.60	217.80 215.00
May	217.80	218.20	220.20 217.60
Aug	221.20	221.60	222.00 221.00
Oct	220.40	221.60	221.20
May	223.60		220.00
White	**Close**	**Previous**	**High/Low**
Mar	300.5	301.0	302.5 300.0
May	298.5	301.0	303.0 298.5
Aug	306.0	306.5	309.0 306.8
Oct	286.5	287.0	288.5 287.5
Mar	282.5		284.0 283.0
May	284.5		285.5

Turnover: Raw682 (1285) lots of 50 tonnes. White 610 (1001)

Paris- White (FFr per tonne): Mar 1628, Aug 1573, Oct 1474.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Jan	27.85	27.38	28.25 27.20
Feb	26.45	25.53	26.65 25.60
Mar	25.15	24.20	25.25 24.49
Apr	23.95	23.25	23.95
IPE Index	26.36	26.35	

Turnover: 10294 (13723)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Jan	253.00	247.50	256.00 247.00
Feb	242.00	233.25	242.00 233.00
Mar	223.00	217.00	225.00 219.00
Apr	208.00	203.50	212.00 203.50
May	202.00	199.00	202.50 202.00
Jun	199.00	195.00	199.00 197.50
Jul	198.00	195.00	198.00 197.60

Turnover 12329 (9413) lots of 100 tonnes

SPICES

Cloves retreated again, with Indonesia not showing any interest in buying from Singapore, reports Man-Producten. Demand from grinders also small. Small quantities traded at $1,850 a tonne cif now for Dec/Jan shipment. Spot Europe $2,800. Further decrease can be expected. Nutmegs/mace – lower qualities continued decline to about $900 for s/a bwp and as low as $775 for Papua bwp nutmegs. Papua mace $1,850 and s/a mace $2,500. Spot market remains steady, demand small. Cassia – local market in Indonesia steady.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Dec	638	640	638 633
Mar	693	692	694 686
May	726	726	728 721
Jul	752	751	752 746
Sep	779	775	779 773
Dec	805	804	803 799
Mar	831	830	829 824

Turnover: 2518 (2769) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Dec 13 915.04 (918.04) 10 day average for Dec 14 932.12 (937.19)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Jan	642	653	655 641
Mar	599	604	605 597
May	600	603	605 599
Jul	614	617	618 614
Sep	630	632	632 631
Nov	647	647	647 644
Jan	660		660

Turnover:1849 (3480) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Dec 14: Comp. daily 75.25 (74.40). 15 day average 72.48 (72.09)

POTATOES – BFE £/tonne

	Close	Previous	High/Low
Apr	136.9	138.5	137.8 136.0
May	156.5	155.5	156.0 156.0

Turnover 103 (195) lots of 40 tonnes.

SOYAMEAL – HI-PRO £/tonne

	Close	Previous	High/Low
Feb	117.50	118.60	117.50
Apr	119.50	119.00	119.50
Jun	120.00	120.00	120.00

Turnover 75 (115) lots of 20 tonnes.

FREIGHT FUTURES – BFE $10/index point

	Close	Previous	High/Low
Dec	1427	1440	1430 1415
Jan	1390	1408	1390 1365
Apr	1310	1330	1316 1295
Oct	1155		1150
BFI	1441	1449	

Turnover 210 (286)

GRAINS – BFE £/tonne

Wheat	Close	Previous	High/Low
Jan	119.40	119.80	119.70 119.40
Mar	122.75	123.10	122.95 122.75
May	126.25	126.65	126.50 126.25
Jun	127.85		128.00
Sep	108.20		108.00
Nov	111.20		111.10 111.00
Barley	**Close**	**Previous**	**High/Low**
Jan	115.50	115.50	115.60 115.45
Mar	119.40	119.30	119.35
May	120.65	120.55	

Turnover: Wheat 262 (75). Barley 56 (115). Turnover lots of 100 tonnes.

PIGS – BFE (Cash Settlement) p/kg

	Close	Previous	High/Low
Jan	87.5	87.0	85.5
Feb	89.0		88.0
Apr	96.5	95.5	95.8
Jun	97.5	96.5	97.0
Jul	98.0		97.5

Turnover 51 (91) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 11,473 lots
Cash	1519-21	1521-3		1540-1		
3 months	1553-4	1556-7	1585/1554	1573-4	1556-7	65,092 lots
Copper, Grade A (£ per tonne)						Total daily turnover 15,026 lots
Cash	1271-2	1280-2	1283/1278	1278-9		
3 months	1286-7	1293-4	1296/1285	1291-2	1288-7	110,289 lots
Lead (£ per tonne)						Total daily turnover 4,609 lots
Cash	328-30	321-2		335-6		
3 months	337-8	332-3	345/334	344-4.5	336-7	12,686 lots
Nickel ($ per tonne)						Total daily turnover 3,568 lots
Cash	7920-45	7925-50	7925/7925	7900-25		
3 months	7900-25	7925-50	7925/7850	7900-5	7920-50	8,405 lots
Tin ($ per tonne)						Total daily turnover 774 lots
Cash	5790-810	5708-13	5740/5730	5735-40		
3 months	5860-70	5785-90	5860/5800	5805-10	5855-60	9,646 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 4,403 lots
Cash	1275-80	1295-7	1285/1280	1284-5		
3 months	1265-8	1267-70	1275/1263	1265-7	1268-70	20,229 lots

LME Closing £/$ rate: SPOT: 1.9385 3 months: 1.9109 6 months: 1.8880 9 months: 1.8699

MGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	158.40	157.90			
Jan	160.10	160.00	160.10		98
Feb	160.50	159.80	160.50		68
Mar	159.70	158.50	158.70		98
Jun	158.70	157.70	158.70		72
Sep	158.10	158.20	158.10		68
Dec	157.80	158.50	157.80		72

LONDON BULLION MARKET

(Prices supplied by N.M.Rothschild)

Gold (fine oz) $ price		£ equivalent
Close	373.50-374.00	
Opening	373.00-373.40	
Morning fix	373.15	191.802
Afternoon fix	373.20	192.223
Day's high	374.40-374.80	
Day's low	373.10-373.20	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	5.21	6 months	5.03
2 months	5.10	12 months	5.01
3 months	5.08		

Silver fix	p/fine oz	US cts equiv
Spot	204.15	396.40
3 months	211.00	403.90
6 months	217.45	411.45
12 months	229.65	426.56

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Jan	Mar	Jan	Mar
1450	84	120	3	16
1550	17	57	35	52
1650	1	22	118	114
Copper (Grade A)	**Calls**		**Puts**	
2360	140	159	4	54
2450	62	103	24	98
2550	17	63	79	154
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
600	43	32	2	13
650	9	15	18	34
700	1		60	
Cocoa	**Mar**	**May**	**Mar**	**May**
650	64		22	
700	37	63	45	38
750	20	40	76	65
Brent Crude	**Feb**	**Mar**	**Feb**	**Mar**
2500	225	280	150	300
2550				
2600				

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Dec	376.7	374.3	378.0	372.6
Jan	377.5	375.1	0	0
Feb	378.6	376.1	379.5	374.1
Apr	382.0	379.3	382.8	377.5
Jun	385.5	382.6	387.0	381.0
Aug	388.9	385.8	389.0	387.0
Oct	382.2	389.0	0	0
Dec	395.5	392.2	396.0	392.0
Feb	399.1	395.7	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	412.2	414.5	414.4	410.0
Apr	418.1	420.7	419.5	416.0
Jul	422.3	425.0	423.0	422.0
Oct	426.0	429.0	0	0
Jan	431.0	434.0	431.8	431.8

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Dec	393.7	400.6	397.6	393.0
Jan	395.3	402.3	0	0
Feb	397.8	404.9	0	0
Mar	400.5	407.5	406.5	396.5
May	405.9	413.0	411.0	404.0
Jul	411.2	418.4	417.0	410.0
Sep	416.6	423.9	421.0	415.0
Dec	424.2	431.5	426.0	423.0
Jan	426.2	433.7	0	0
Mar	432.4	439.9	437.0	435.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	111.20	111.70	112.50	111.00
Jan	110.90	111.25	111.50	110.30
Feb	109.60	110.50	110.10	109.90
Mar	108.00	108.75	108.85	107.10
Apr	107.10	107.90	107.30	106.90
May	106.00	106.85	106.40	105.50
Jun	105.05	105.90	104.90	104.90
Jul	104.20	105.05	104.20	104.00
Aug	103.60	104.30	103.50	103.50
Sep	103.00	103.55	103.00	102.60

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Jan	27.78	26.42	28.10	26.85
Feb	26.79	25.60	26.97	26.00
Mar	25.80	24.83	25.96	25.20
Apr	24.80	24.03	25.00	24.35
May	24.20	23.38	24.25	23.75
Jun	23.60	22.85	23.70	23.15
Jul	23.35	22.45	23.35	22.80
Aug	22.95	22.18	22.95	22.50
Sep	22.80	21.98	22.65	22.25
Oct	22.55	21.83	22.60	22.16

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Jan	7720	7457	7790	7580
Feb	7555	7248	7600	7380
Mar	7180	6961	7190	7000
Apr	6730	6457	6765	6600
May	6450	6182	6480	6375
Jun	6320	6017	6320	6200
Jul	6250	5952	6290	6100
Aug	6250	5992	6290	6230
Sep	6400	6107	6400	6350
Oct	6445	16187	6445	6445

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1220	1214	1233	1207
May	1258	1256	1272	1250
Jul	1293	1292	1309	1285
Sep	1330	1327	1342	1330
Dec	1368	1363	0	0
Mar	1400	1397	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	91.10	92.45	93.00	91.00
Mar	94.35	95.60	95.55	94.15
May	96.70	97.70	97.75	96.40
Jul	98.95	100.00	0	99.00
Sep	101.00	102.00	102.00	100.75
Dec	104.00	105.00	0	0
Mar	106.50	107.05	107.50	107.50
May	107.40	107.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	9.67	9.69	9.79	9.65
May	9.74	9.76	9.84	9.74
Jul	9.80	9.81	9.80	9.80
Oct	9.78	9.80	9.87	9.78
Mar	9.85	9.87	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	76.61	75.72	76.75	76.15
May	75.85	75.08	76.05	75.50
Jul	74.96	74.57	75.50	74.92
Oct	68.55	68.31	68.70	68.55
Dec	65.85	65.70	66.20	65.70
Mar	66.55	66.45	66.60	66.50
May	66.95	66.75	66.80	66.80

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	104.05	103.00	104.10	102.25
Mar	104.75	104.25	105.50	103.55
May	105.60	105.40	106.25	104.35
Jul	106.00	106.35	106.00	105.75
Sep	106.25	105.60	106.50	106.00

INDICES

REUTERS (Base: September 18 1931 = 100)

Dec 14	Dec 13	mnth ago	yr ago
1720.6	1720.8	1730.1	1817.2

DOW JONES (Base: Dec. 31 1974 = 100)

	Dec 13	Dec 12	mnth ago	yr ago
Spot	123.32	123.27	122.89	127.89
Futures	126.14	125.98	125.50	129.94

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Jan	588/2	588/0	590/0	585/0
Mar	603/2	602/6	605/0	600/4
May	618/0	617/0	619/0	614/2
Jul	629/6	629/2	631/0	626/6
Aug	632/6	632/0	633/2	630/4
Sep	626/2	625/0	626/4	624/4
Nov	625/2	624/2	626/0	621/6
Jan	636/2	635/0	636/2	635/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	21.20	21.25	21.35	21.20
Jan	21.30	21.45	21.54	21.29
Mar	21.61	21.76	21.84	21.61
May	21.88	22.04	22.10	21.88
Jul	22.09	22.20	22.25	22.05
Aug	21.96	22.10	22.10	21.96
Sep	22.00	22.02	22.05	21.98
Oct	21.80	21.92	22.00	21.80

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Dec	175.7	175.0	176.0	173.4
Jan	177.1	175.7	177.5	174.9
Mar	181.6	180.8	182.0	180.0
May	185.6	184.3	185.8	183.9
Jul	189.1	187.8	189.2	187.1
Aug	189.2	188.0	190.0	188.5
Sep	189.0	187.2	189.5	187.0
Oct	188.0	187.0	188.0	186.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	223/2	223/0	224/2	222/2
Mar	236/4	235/2	237/0	234/6
May	244/4	243/4	244/6	243/0
Jul	250/6	250/0	251/0	249/4
Sep	251/4	251/0	251/4	250/6
Dec	251/6	251/6	252/0	250/6
Mar	258/6	258/6	259/2	257/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	253/0	254/4	255/4	251/6
Mar	265/6	265/0	266/0	264/0
May	271/6	272/0	273/0	271/0
Jul	275/2	274/6	276/0	274/0
Sep	281/4	281/0	281/4	280/0
Dec	293/4	293/0	293/4	292/4

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Dec	80.97	80.92	81.22	80.65
Feb	76.75	76.42	77.00	76.37
Apr	76.90	76.52	77.02	76.40
Jun	74.62	74.37	74.77	74.37
Aug	72.92	72.82	73.22	72.80
Oct	72.95	72.80	73.25	72.80
Dec	73.85	73.75	74.10	73.85

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Dec	50.67	49.60	50.95	50.00
Feb	49.27	48.45	49.50	49.00
Apr	47.05	46.42	47.32	46.82
Jun	50.32	49.82	50.65	50.25
Jul	50.50	50.17	50.85	50.45
Aug	49.22	48.90	49.50	48.87
Oct	44.17	43.95	44.40	0
Dec	44.80	44.55	45.00	44.50

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	64.20	64.92	65.85	63.80
Mar	63.55	63.92	64.80	63.05
May	63.75	63.90	64.80	63.30
Jul	62.90	63.00	64.00	62.50
Aug	60.15	60.30	61.85	60.15

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

D-Mark steady as dollar rises

THE DOLLAR finished on a firmer note in London, as the US and Iraq failed to agree a timetable for meetings aimed at trying to avert war in the Gulf. The market closed in Europe before US President George Bush made his statement on the proposed talks between the two countries, but nervousness about the situation helped underpin the dollar.

The dollar was also boosted by a larger than expected rise in US November wholesale inflation. A rise of 0.5 per cent in producer prices led to suggestions that the Federal Reserve is unlikely to ease its monetary stance again in the near future. The Fed did not intervene in the New York banking system yesterday, when Federal funds were trading around 7¼ per cent, the assumed official target rate.

An unexpectedly large fall of 1.7 per cent in November US industrial production brought the dollar back from the day's peaks, however. At the London close it had improved to DM1.4845 from DM1.4805; to Y132.90 from Y132.15; to FFr5.0475 from FFr5.0300; and to SFr1.2740 from SFr1.2655. The dollar's index rose to 60.8 from 60.6.

Sterling showed little reaction to a fall in the annual rate of UK inflation to 9.7 from 10.9 per cent in November. A sharp decline had been discounted, and although the figure was slightly better than expected the financial markets do not believe this will result in an early cut in UK bank base rates.

The UK authorities have made it clear that interest rates must stay competitive while the pound is weak against its partners in the European Monetary System. The pound remained at the bottom of the EMS exchange rate mechanism yesterday, but improved slightly against the D-Mark. It rose to DM2.8800 from DM2.8775; to FFr9.7900 from FFr9.7775; to SFr2.4700 from SFr2.4600; and to Y257.75 from Y257.00, but lost 45 points to $1.9395. Sterling's index closed unchanged at 93.5

The Swiss franc failed to gain any obvious advantage from a statement by the Swiss National Bank reaffirming its tight monetary policy and forecasting lower inflation next year. At the London close it had fallen to DM1.1650 from DM1.1700.

Within the ERM the D-Mark held steady as the second strongest currency and the Belgian franc was firm, supported by rising interest rates in Brussels. The Belgian National Bank raised it three-month Treasury bills rate for the second time this week. The main instrument of Belgian credit policy rose 0.10 to 9.80 per cent as a reflection of market trends in Germany, France and the Netherlands.

£ IN NEW YORK

Dec.14	Latest	Previous Close
£ Spot	1.9375-1.9385	1.9450-1.9460
1 month	1.04-1.03pm	1.07-1.05pm
3 months	2.78-2.76pm	2.84-2.81pm
12 months	8.60-8.50pm	8.60-8.50pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Dec.14	Previous
8.30 am	93.5	93.5
9.00 am	93.4	93.5
10.00 am	93.5	93.6
11.00 am	93.4	93.5
Noon	93.4	93.5
1.00 pm	93.4	93.5
2.00 pm	93.5	93.5
3.00 pm	93.5	93.5
4.00 pm	93.5	93.5

CURRENCY MOVEMENTS

Dec 14	Bank of England Index	Morgan** Guaranty Changes %
Sterling	93.5	-18.9
U.S Dollar	60.8	-18.4
Canadian Dollar	101.5	+0.7
Austrian Schilling	111.0	+12.7
Belgian Franc	112.4	-1.6
Danish Krone	111.3	+5.6
D-Mark	121.1	+26.8
Swiss Franc	114.7	+23.4
Dutch Guilder	116.0	+17.4
French Franc	105.4	-11.4
Lira	100.2	-19.1
Yen	131.4	+66.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Dec. 13.

CURRENCY RATES

Dec 14	Bank rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.738646	0.709185
U.S Dollar	7	1.43999	1.37653
Canadian $	12.82	1.66952	1.59746
Austrian Sch	6½	14.9557	14.3682
Belgian Franc	10¼	44.0495	42.3283
Danish Krone	10½	8.18634	7.86617
D-Mark	6.00	2.12615	2.04296
Dutch Guilder	7.25	2.39902	2.30403
French Franc	10¼	7.22299	6.94252
Italian Lira	12½	1602.78	1540.61
Japanese Yen	6	188.999	182.184
Norway Krone	8	8.33898	8.01346
Spanish Peseta	–	135.661	130.137
Swedish Krona	11	8.00778	7.68929
Swiss Franc	6.00	1.81655	1.74819
Greek Drach	20½	N/A	212.508
Irish Punt	–	N/A	0.767638

† European Commission Calculations.
* All SDR rates are for Dec. 13

OTHER CURRENCIES

Dec 14	£	$
Argentina	9704.70 - 9729.10	5005.00 - 5010.00
Australia	2.5355 - 2.5375	1.3070 - 1.3080
Brazil	291.820 - 292.940	150.50 - 151.50
Finland	6.9455 - 6.9585	3.5800 - 3.5850
Greece	296.70 - 301.45	152.55 - 155.00
Hong Kong	15.1200 - 15.1335	7.8005 - 7.8025
Iran	124.80*	63.50*
Korea(Sth)	1381.70 - 1404.00	713.50 - 719.10
Kuwait	N/A	N/A
Luxembourg	59.60 - 59.70	30.70 - 30.80
Malaysia	5.2190 - 5.2315	2.6925 - 2.6945
Mexico	5706.45 - 5728.80	2943.00 - 2953.00
N.Zealand	3.2405 - 3.2455	1.6710 - 1.6730
Saudi Ar	7.2805 - 7.3220	3.7490 - 3.7510
Singapore	3.3165 - 3.3240	1.7130 - 1.7150
S.Af (Cm)	4.8730 - 4.8850	2.5190 - 2.5205
S.Af (Fn)	6.7580 - 6.8775	3.4845 - 3.5460
Taiwan	52.55 - 52.65	27.10 - 27.15
U.A.E.	7.1310 - 7.1715	3.6720 - 3.6740

* Selling rate

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.9395	1.9292	1.9119	1.8896	1.8540
D-mark	2.8800	2.8682	2.8509	2.8316	2.8037
French Fr.	9.7900	9.7545	9.7101	9.6675	9.6181
Swiss Fr.	2.4700	2.4591	2.4419	2.4201	2.3833
Yen	257.75	256.45	255.20	251.44	246.75

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Dec 14	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	130.137	-2.61	4.49	46
D-Mark	2.05586	2.04236	-0.66	2.43	44
Dutch Guilder	2.31643	2.30403	-0.54	2.31	28
Belgian Franc	42.4032	42.3283	-0.18	1.94	10
Irish Punt	0.767417	0.767638	0.03	1.73	0
Italian Lira	1538.24	1540.61	0.15	1.61	-6
Danish Krone	7.84195	7.86617	0.31	1.45	-13
French Franc	6.89509	6.94252	0.69	1.07	-36
Sterling	0.696904	0.709185	1.76	0.00	-34

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Dec 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.9385 - 1.9455	1.9390 - 1.9400	1.04-1.02cpm	6.37	2.78-2.75pm	5.70
Canada	2.2475 - 2.2595	2.2480 - 2.2490	0.44-0.40cpm	2.24	0.89-0.82pm	1.52
Netherlands	3.2400 - 3.2575	3.2425 - 3.2525	1¼-1¼cpm	4.85	3⅝-3¼pm	4.08
Belgium	59.40 - 59.70	59.60 - 59.70	25-22cpm	4.73	61-55pm	3.89
Denmark	11.0650 - 11.1050	11.0900 - 11.1000	3⅞-3½orepm	3.99	9-8½pm	3.13
Ireland	1.0800 - 1.0975	1.0820 - 1.0830	0.34-0.26cpm	3.33	0.80-0.66pm	2.70
Germany	2.8750 - 2.8825	2.8775 - 2.8825	1¼-1¼pfpm	4.95	3½-3pm	4.25
Portugal	253.10 - 254.60	253.60 - 254.60	6pm-4cdis	0.05	9 -48dis	-0.45
Spain	182.65 - 183.65	182.95 - 183.25	4-11cdis	-0.49	35-46dis	-0.88
Italy	2164.50 - 2175.75	2174.75 - 2175.75	3-2lirepm	1.38	6-5pm	1.01
Norway	11.2650 - 11.3075	11.2775 - 11.2875	3½-3¼orepm	3.52	6¾-6¼pm	2.30
France	9.7550 - 9.8000	9.7850 - 9.7950	3⅝-3¼cpm	4.37	8¾-8¼pm	3.40
Sweden	10.8200 - 10.8475	10.8325 - 10.8425	¾-¼orepm	0.28	1¼-1½dis	-0.48
Japan	256.50 - 258.25	257.25 - 258.25	1⅜-1¼ypm	6.11	3¾-3½pm	5.43
Austria	20.20 - 20.26	20.23 - 20.26	9½-7¾gropm	5.04	23½-20¼pm	4.37
Switzerland	2.4600 - 2.4750	2.4650 - 2.4750	1¼-1cpm	5.16	3-2¾pm	4.66
Ecu	1.3990 - 1.4060	1.4020 - 1.4030	0.47-0.43cpm	3.85	1.07-1.01pm	2.97

Commercial rates taken towards the end of London trading. Six-month forward dollar 5.01-4.96cpm . 12 Month 8.60-8.50cpm Close on Dec.13 BFr.59.55-59.65 DKr.11.0750-11.0850 I£.1.0815-1.0825 DM.2.8750-2.8800

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Dec 14	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.9385 - 1.9455	1.9390 - 1.9400	1.04-1.02cpm	6.37	2.78-2.75pm	5.70
Ireland†	1.7905 - 1.8015	1.7910 - 1.7920	0.38-0.40cpm	2.61	1.13-1.18pm	2.58
Canada	1.1590 - 1.1615	1.1590 - 1.1600	0.38-0.40cdis	-4.04	1.13-1.18dis	-3.98
Netherlands	1.6645 - 1.6785	1.6745 - 1.6755	0.20-0.23cdis	-1.54	0.71-0.75dis	-1.74
Belgium	30.60 - 30.80	30.70 - 30.80	4-5cdis	-1.76	13-18dis	-2.02
Denmark	5.6850 - 5.7225	5.7175 - 5.7225	1.07-1.27oredis	-2.45	3.45-4.05dis	-2.62
Germany	1.4750 - 1.4895	1.4840 - 1.4850	0.17-0.19pfdis	-1.46	0.60-0.63dis	-1.66
Portugal	130.90 - 131.20	130.95 - 131.05	40-50cdis	-4.12	190-220dis	-6.26
Spain	94.00 - 94.70	94.40 - 94.50	53-57cdis	-6.99	156-166dis	-6.82
Italy	1112.00 - 1121.75	1121.25 - 1121.75	4.40-5.00liredis	-5.03	19.00-22.00dis	-7.31
Norway	5.7925 - 5.8350	5.8150 - 5.8200	1.40-1.75oredis	-3.25	5.10-5.60dis	-3.68
France	5.0125 - 5.0550	5.0450 - 5.0500	0.83-0.88cdis	-2.03	3.07-3.17dis	-2.47
Sweden	5.5675 - 5.5975	5.5850 - 5.5900	2.75-3.03oredis	-6.21	8.55-9.10dis	-6.32
Japan	131.80 - 132.95	132.85 - 132.95	0.02-0.04ydis	-0.27	0.08-0.11dis	-0.29
Austria	10.3850 - 10.4650	10.4550 - 10.4600	0.70-1.30grdis	-1.15	2.90-4.20dis	-1.36
Switzerland	1.2610 - 1.2760	1.2735 - 1.2745	0.10-0.13cdis	-1.08	0.35-0.40dis	-1.18
Ecu	1.3800 - 1.3905	1.3815 - 1.3825	0.30-0.27cpm	2.47	0.94-0.87pm	2.62

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Dec 14	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	14¾ - 14½	14⅞ - 14⅞	14⅛ - 14⅝	14 - 13⅞	13⅞ - 13¾	12¾ - 12⅝
US Dollar	7¼ - 7⅛	7⅞ - 7⅜	8¼ - 8	7⅞ - 7⅞	7⅞ - 7⅞	7⅝ - 7½
Can. Dollar	11¾ - 11½	12 - 11⅝	11⅞ - 11⅞	11⅝ - 11¾	11⅝ - 11¼	11⅛ - 11
Dutch Guilder	9¼ - 8¾	9⅛ - 8⅞	9⅛ - 9⅛	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞
Swiss Franc	8⅞ - 8⅛	8⅝ - 8⅞	9¼ - 9	8⅞ - 8⅞	8¾ - 8⅝	8⅝ - 8⅞
D-Mark	8⅞ - 8⅞	8⅝ - 8⅞	9¼ - 9¼	9⅞ - 9⅛	9½ - 9⅜	9½ - 9⅜
French Franc	9⅞ - 9⅜	9⅞ - 9⅛	10 - 9⅞	10⅞ - 10⅞	10½ - 10⅜	10⅝ - 10½
Italian Lira	13 - 11	13½ - 12½	13 - 12⅞	12⅞ - 12⅞	12¾ - 12⅝	12⅝ - 12¼
Belgian Franc	9¼ - 9⅛	9½ - 9⅜	9⅞ - 9⅞	9⅞ - 9⅞	9⅞ - 9⅞	10⅛ - 9⅞
Yen	8¼ - 8⅛	8¼ - 8⅛	8⅞ - 8⅞	8⅞ - 8⅞	8¼ - 8⅛	8⅛ - 7⅞
Danish Krone	9⅝ - 9¼	9⅜ - 9⅛	10¼ - 10	10⅞ - 10⅝	10⅞ - 10⅞	10⅝ - 10½
Asian $Sing	7⅛ - 7⅛	7⅝ - 7⅛	8 - 7⅞	7⅝ - 7⅝	7⅞ - 7⅞	7⅞ - 7⅞

Long term Eurodollars: two years 7⅞-7¾ per cent; three years 8⅞-8⅛ per cent; four years 8⅝-8¼ per cent; five years 8½-8⅜ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Dec.14	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.939	2.880	257.7	9.790	2.470	3.247	2175	2.248	59.65
$	0.516	1	1.485	132.9	5.049	1.274	1.675	1122	1.159	30.76
DM	0.347	0.673	1	89.48	3.399	0.858	1.127	755.2	0.781	20.71
YEN	3.880	7.524	11.18	1000.	37.99	9.585	12.60	8440	8.723	231.5
F Fr.	1.021	1.981	2.942	263.2	10.	2.523	3.317	2222	2.296	60.93
S Fr.	0.405	0.785	1.166	104.3	3.964	1	1.315	880.6	0.910	24.15
H Fl.	0.308	0.597	0.887	79.37	3.015	0.761	1	669.8	0.692	18.37
Lira	0.460	0.891	1.324	118.5	4.501	1.136	1.493	1000.	1.034	27.43
C $	0.445	0.863	1.281	114.6	4.355	1.099	1.444	967.5	1	26.53
B Fr.	1.676	3.251	4.828	432.0	16.41	4.141	5.443	3646	3.769	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS / LIFFE US TREASURY BOND FUTURES OPTIONS / LIFFE BUND FUTURES OPTIONS / LIFFE EURODOLLAR OPTIONS / LIFFE EUROMARK OPTIONS / LIFFE SHORT STERLING OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Dec	2180.0	2197.0	2178.0	2187.0
Mar	2218.0	2234.0	2215.0	2223.0
Jun	2250.0	2256.0	2255.0	2254.5

Estimated volume 5345 (7369)
Previous day's open int. 28558 (29373)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.9395	1.9292	1.9119	1.8896	1.8540

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Dec	1.9380	1.9420	1.9580	1.9458
Mar	1.9094	1.9136	1.9090	1.9176
Jun	1.8950	-	1.8930	1.8964

BANK RETURN

BANKING DEPARTMENT	Wednesday December 12 1990	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,00	-
Public Deposits	35,856,652	- 4,087,001
Bankers Deposits	1,866,037,891	+ 26,659,852
Reserve and other Accounts	5,164,166,594	+ 2,241,332,974
	7,080,613,937	+ 2,263,905,625
ASSETS		
Government Securities	1,438,246,113	+ 189,185,000
Advance and other Accounts	3,425,000,742	+ 565,451,516
Premises Equipment & other Secs	2,204,068,778	+ 1,508,730,785
Notes	13,045,151	+ 494,220
Coin	233,153	+ 44,104
	7,080,613,937	+ 2,263,905,625
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	16,306,954,849	+ 289,505,780
Notes in Banking Department	13,045,151	+ 494,220
	16,320,000,000	+ 290,000,000
ASSETS		
Government Debt	11,015,100	-
Other Government Securities	13,534,465,866	+ 370,125,116
Other Securities	2,774,519,034	- 80,125,116
	16,320,000,000	+ 290,000,000

MONEY MARKETS

London rates firm

INTEREST RATES rose and short sterling futures fell in London yesterday, despite better news on UK inflation.

The Bank of England has sent several warning signals on rates in recent week's and comments by Mr Norman Lamont, UK chancellor of the exchequer, that lower interest rates can only be justified by a firmer pound, finally ended lingering optimism that a fall in inflation would result in a base rate cut.

UK clearing bank base lending rate 14 per cent from October 8, 1990.

Three-month interbank rose to 14-13⅞ from 13⅞-13⅞ per cent and 12-month money firmed to 12¾-12⅝ from 12⅝-12½ per cent.

On Liffe December short sterling touched 86.10 and closed at 86.13, against 86.30 on Thursday, as the market accepted that base rates will not be cut before delivery of the contract next Wednesday.

Credit conditions have been very difficult in London this week, and yesterday was exceptionally short, mainly because the market had to repay £1,400m lent by the Bank of England two weeks ago. This kept the short end very tight and pushed overnight money above 15 per cent. The Bank of England initially forecast a shortage of £2,350m, but revised this to £2,150m at noon and to £2,050m in the afternoon.

Total assistance of £1,995m was provided. An early round of help was offered and at that time the authorities bought £1,034m bills for resale to the market on December 31, at rates of 13⅞-13⅞ per cent. Before lunch another £361m bills were purchased outright, by way of £48m Treasury bills and £8m bank bills in band 1 at 13⅞ per cent, plus £19m Treasury bills and £286m bank bills in band 2 at 13¾ per cent.

In the afternoon the Bank of England bought £555m bills, via £44m Treasury bills and £439m bank bills in band 1 at 13⅞ per cent, plus £3m Treasury bills and £69m bank bills in band 2 at 13¾ per cent. Late assistance of around £45m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £1,976m, with a rise in the note circulation absorbing £620m, and bank balances below target £60m. These outweighed exchequer transactions adding £295m to liquidity.

At the weekly UK Treasury bill tender the average rate of discount on 91-day bills rose to 13.0040 from 12.6852 per cent and on 182-day bills to 12.1127 from 11.8413 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Dec.14) 3 months US dollars		6 months US Dollars	
bid 7⅞	offer 7⅞	bid 7⅞	offer 7⅞

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	10	One month	6.92	Three year	7.43
Broker loan rate	9½	Two month	7.10	Four year	7.61
Fed.funds	7¼	Three month	7.07	Five year	7.70
Fed.funds at intervention	-	Six month	7.08	Seven year	7.93
		One year	7.12	10-year	8.02
		Two year	7.34	30-year	8.18

Dec. 14	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.35-8.45	8.90-9.05	8.95-9.10	8.95-9.10	9.00-9.15	8.50
Paris	9⅞-9⅞	9⅞-9⅞	9⅞-10	10⅛-10⅞	10⅛-10¼	9.25
Zurich	7⅞-8⅛	8⅞-9	-	8⅞-8⅞	-	-
Amsterdam	9.20-9.35	9.27-9.37	-	9.20-9.35	-	-
Tokyo	7⅞-7⅞	8⅞-8⅞	-	8⅞-8⅞	-	-
Milan	12-12¼	14⅛-14⅝	-	13¾-14⅛	-	-
Brussels	8.50	9⅞-9⅞	-	9⅞-9⅞	-	-
Dublin	10-10½	10⅝-10½	10⅝-10⅞	10⅞-10⅞	11-11⅛	-

LONDON MONEY RATES

Dec 14	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	15⅛	14⅛	14½	14	13⅞	12¾
Interbank Bid	13⅞	14½	14¼	13⅞	13⅞	12½
Sterling CDs	–	–	14⅞	13⅞	13⅞	12⅝
Local Authority Deps.	14½	14½	14⅞	13½	12⅞	12⅝
Local Authority Bonds	–	–	–	–	–	–
Discount Mkt Deps.	14¼	14¼	13⅞	13	–	–
Company Deposits	–	–	14¼	13⅞	13	12⅞
Finance House Deposits	–	–	14⅞	14⅛	13¼	12⅝
Treasury Bills (Buy)	–	–	13⅞	13⅞	–	–
Bank Bills (Buy)	–	–	13⅞	13⅞	12⅞	–
Fine Trade Bills (Buy)	–	–	14⅞	13⅞	13⅞	–
Dollar CDs	–	–	8.20	7.80	7.68	7.65
SDR Linked Dep. Offer	–	–	9¾	9⅞	9	9
SDR Linked Dep. Bid	–	–	9¼	8⅞	8⅞	8⅞
ECU Linked Dep. Offer	–	–	10⅝	10⅞	10½	10½
ECU Linked Dep. Bid	–	–	10¼	10⅞	10⅜	10⅜

Treasury Bills (sell); one-month 13⅞ per cent; three months 13⅞ per cent; six months 12⅞ per cent; Bank Bills (sell): one-month 13⅞ per cent; three months 13⅞ per cent; Treasury Bills; Average tender rate of discount 13.0040 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day November 1, 1990. Agreed rates for period Dec 26,1990 to Jan 25, 1991, Scheme I: 14.59 p.c., Schemes II & III: 14.87 p.c. Reference rate for period Nov 30,1990 to Nov 30, 1990, Scheme IV&V: 13.698 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 14 from December 1, 1990: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 10½ per cent; one-three months 12 per cent; three-six months 12 per cent; six-nine months 12 per cent; nine-twelve months 11½ per cent; Under £100,000 10½ per cent from Oct 8,1989, Deposits withdrawn for cash 5 per cent.

BASE LENDING RATES

	%		%		%
ABN Bank	14	Coutts & Co	14	NatWestminster	14
Adam & Company	14	Cyprus Popular Bk	14	Northern Bank Ltd	14
Allied Trust Bank	14	Dunbar Bank PLC	14	Nykredit Mortgage Bank	14½
AIB Bank	14	Duncan Lawrie	14	Provincial Bank PLC	15
● Henry Ansbacher	14	Equatorial Bank plc	14	Roxburghe Bank Ltd.	14½
Associates Cap Corp	15½	Exeter Trust Ltd	14½	Royal Bk of Scotland	14
● B & C Merchant Bank	14	Financial & Gen. Bank	14	Royal Trust Bank	14
Bank of Baroda	14	First National Bank Plc.	16	● Smith & Williamson Secs.	14
Banco Bilbao Vizcaya	14	● Robert Fleming & Co.	14	Standard Chartered	14
Bank Credit & Comm	14	Robert Fraser & Ptnrs.	14½	TSB	14
Bank of Cyprus	14	Girobank	14	Unibank plc	14
Bank of Ireland	14	● Guinness Mahon	14	● United Bk of Kuwait	14
Bank of India	14	HFC Bank plc	14	United Mizrahi Bank	14
Bank of Scotland	14	● Hambros Bank	14	Unity Trust Bank Plc	14
Banque Belge Ltd	14	Hampshire Trust Plc	14½	Western Trust	14
Barclays Bank	14	Heritable & Gen Inv Bnk.	14	Westpac Bank Corp.	14
Benchmark Bank	14	● Hill Samuel	14	Whiteaway Laidlaw	14
Brit Bk of Mid East	14	C. Hoare & Co.	14	Yorkshire Bank	14
● Brown Shipley	14	Hongkong & Shangh	14		
CL Bank Nederland	14	● Leopold Joseph & Sons	14		
● Charterhouse Bank	14	Lloyds Bank	14		
Citibank NA	14	Meghraj Bank Ltd	14		
City Merchants Bank	14	McDonnell Douglas Bnk.	14		
Clydesdale Bank	14	Midland Bank	14		
Comm. Bk. of London Plc	14	Mount Banking	14		
Co-operative Bank	*14	Nat. Bk. of Kuwait	15		

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MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 2017

Treasury 10% Stk 2003 A - £96⅝ ⅞
Exchequer 10½% Stk 2005 - £100⅝ (10De90)
Guaranteed Export Finance Corp PLC 12½% Gtd Ln Stk 2002(Reg) - £109⅞

Corporation and County Stocks
No. of bargains included 3

Corp of London 3½% Deb Stk 83/93 - £70 (11De90)
Greater London Council 6½% Stk 90/92 - £93¼
Manchester(City of) 11.5% Red Stk 2007 - £98♦
Newcastle-Upon-Tyne(City of) 11¼% Red Stk 2017 - £94¼ (11De90)

UK Public Boards
No. of bargains included 2

Agricultural Mortgage Corp PLC 6½% Deb Stk 92/94 - £84½ (12De90)
7¼% Deb Stk 91/93 - £90⅜ ⅝ (12De90)
10¼% Deb Stk 92/95 - £93¼
Metropolitan Water Metropolitan Water 3% A Stk 63/2003 - £48 (12De90)
Port of London Authority 3% Port of London A Stk 29/99 - £50 (7De90)
Scottish Agric Sec Corp 7¼% Deb Stk 90/92 - £90⅝

Foreign Stocks, Bonds, etc-(coupons payable in London)
No. of bargains included 29

Hungary(Republic of) 7½% Stg Bds(Assd Lon 1968 Sett) - £40 (12De90)
Ireland(Republic of) 9¾% Stk 91/96 - £91♦
Abbey National PLC 11⅝% Nts 1995 (Br£1000,10000&100000) - £98½ (11De90)
Abbey National Treasury Servs PLC 10⅝%GtdNts1994(Br$C1000,10000&100000) - $C95⅝
American Express Credit Corp 7.625% Senior Nts 1993 - $96 ¾ (7De90)
Argyll Group PLC 4½% Cnv Bds 2002 - £108½ (7De90)
ASDA Group PLC 4¾% Cnv Bds 2002(Br£1000&£5000) - £110½ ¾
Associated Newspapers Holdings Ld 6% Exchangeable Bds 2002 - £71 (12De90)
BP Capital BV 10⅞% Gtd Nts 1992 - £97¼ ⅜ (12De90)
Barclays Bank PLC 10⅛% Senior Subord Bds 1997 - £92¼ ½
12% Nts 1992 - £99⅛♦
9⅞% Gtd Nts 1993 - £94⅛
12⅛% Senior Subord Bds 1997(Br£Var) - £103⅝ (10De90)
Blue Circle Industries PLC 10⅛% Bds 2013 (Br£5000&100000) - £87 (10De90)
6⅞% Subord Cnv Bds 2002 - £96
Boots Finance Ld 6% Cnv Cap Bds 2005 (Br) - £107¼ (12De90)
Brent Walker Capital Ld 13% Cnv Cap Bds 2005 (Reg) - 84‡ (7De90)
Bristol & West Building Society 10⅞% Subord Bds 2000(Br£10000&100000) - £89¼ (10De90)
British Gas Intl Finance BV 8⅞% GtdNts 1999(Br$1000,10000&100000) - $97 (11De90)
British Gas PLC 13% Nts 1993 - £102½ ¾
British Oxygen Finance BV 11¾% Gtd Bds 1991 - £98¾ (11De90)
British Telecom Finance BV 7⅝% Gtd Bds 1996(Br$5000&50000) - $95 (7De90)
British Telecommunications PLC Zero Cpn Bds 2000 - £38⅜ (10De90)
Burton Group PLC 4¾% Cnv Bds 2001 (Br£1000&5000) - £107½ (11De90)
Costan Finance NV 7.5% GtdRed CnvPrf 2003 £1(Certs to Br) - 82½ (12De90)
Daily Mail & General Trust PLC 8⅞% Exch Bds 2005 (Br£1000&5000) - £72½ (12De90)
Finnish Export Credit Ld 16% Nts 1991 - £102 (10De90)
Fisher (Albert) Finance N.V. 5⅞% Gtd Red Cnv Prf 2004 - £108 (7De90)
General Motors Acceptance Corp 9⅜% Nts 8/1/93 - $94½ (10De90)
Granada Group PLC 11⅛% Bds 2019 (Br£10000&100000) - £82 ¾
Grand Metropolitan PLC 6½% Subord Cnv Bds 2002 (Br£5000) - £99 (10De90)
Halifax Building Society 11% Subord Bds 2014(Br£10000&100000) - £90
Fltg Rate Ln Nts 1992(Br£5000) - £99⅜
Fltg Rate Ln Nts 1998 (Br£5000&50000) - £99⅛ (10De90)
Hillsdown Hldgs PLC 4½% Cnv Bds 2002 - £105
11% Debs Sers GA 15/8/95 - $C101.75835 (11De90)
Inter-American Development Bank 11¾% Bds 1995(Br £5000) - £100⅝ ⅝ (11De90)
Ladbroke Group PLC 5¾% Subord Cnv Bds 2004(Br£1000&5000) - £101½ (12De90)
Ladbroke Group Finance(Jersey)Ld 9% Cnv Cap Bds 2005 (Br £1000,10000) - £86 (11De90)
Land Securities PLC 9½% Bds 2007 - £79½ (12De90)
6½% Cnv Bds 2002 - £87¾ (12De90)
National Mutual Group Finance Ld 10% Nts 1993 - £95⅜ (10De90)
National Westminster Bank PLC 6% SubordBrBds1988(1998) BrDM1000&10000 - DM81½ ¼ ½ ½ (7De90)
National Westminster Finance BV 11¾% Gtd Cap Bds 1992 - $104⅝ (7De90)
New Zealand 8% Bds 1993 - $99⅝ ¾
Next PLC 8⅛% Cnv Bds 2002 - £82 (12De90)
Oesterreichische Kontrollbank AG 12% Gtd Nts 1992 - £99⅞ (10De90)
Pearson PLC 10⅞% Bds 2008 - £84½ 5½
Zero Cpn Bds 1992(Br£1000&5000) - £84⅝ (11De90)
Peninsular & Oriental Steam Nav Co 4⅛% Cnv Bds 2002 - £99⅛ (12De90)
Prudential Finance BV 9⅜% Gtd Bds 2007 (Br£5000&100000) - £83⅞♦
Ranks Hovis McDougall PLC 4⅛% Cnv Bds 2003 (Br£5000) - £109 (12De90)
Royal Bank of Canada 10⅛% Dep Nts 1991(Br£5000) - £98.35 .4 (11De90)
Royal Bank of Scotland PLC 10⅛% Subord Bds 1998 (Br£5000&25000) - £92⅞ (7De90)
Royal Bank of Scotland Group PLC 8⅛% Nts 1994 (Without Warrants) - £88½ (12De90)
Royal Trustco Ld 9⅛% Debs 1991 (Br$C5000) - $C98⅛ (12De90)
Saatchi & Saatchi Finance N.V. 6⅛% RedCnvPrf 2003£1(BrShs1000&10000) - £35 (10De90)
Sainsbury(J) PLC 12⅛% Nts 1995 - £102⅛ 3⅛ (12De90)
Sainsbury (J)(Channel Islands)Ld 8⅛%CnvCapBds 2005(Br - £99⅞ ¾ (10De90)
Slough Estates PLC 6⅛% Cnv Bds 2003 - £100 (7De90)
Smith & Nephew Associated Cos PLC 4% Cnv Bds 2002 - £106½ (12De90)
Smith & Nephew Finance N.V. 8⅛% Gtd Red Cnv Prf 2004 (Br) - £90½♦
State Bank of Victoria 11.50% Gtd Nts 1994 - £97⅛ (10De90)
Taylor Woodrow PLC 11⅞% Nts 1993 - £97⅛ (11De90)
Tesco Capital Ld 9⅛% Cnv Cap Bds 2005(Reg) - £108½
THORN EMI Capital NV 5¾% Gtd Red Cnv Prf 2004 (Br£5000) - £104 (12De90)
Trafalgar House PLC 10⅞% Bds 2014 (Br£10000&100000) - £91⅛ ⅝
Trusthouse Forte PLC 10⅛% Nts 1992(Without Warrants) - £97⅛ ⅝ (12De90)
United Newspapers Capital Ld 8% Gtd Exch Prf Shs - £83 (7De90)
Wates City of London Properties PLC Red Warrants to sub for Ord - £134 (12De90)
Queensland Treasury Corp $A27m 12% Nts 15/3/95 - $A98⅛ (7De90)

Sterling Issues by Overseas Borrowers
No. of bargains included 54

Asian Development Bank 10⅛% Ln Stk 2009(Reg) - £93⅝ 4 ¼ (12De90)
Bank of Greece 10⅛% Ln Stk 2010(Reg) - £85⅝
10⅛% Ln Stk 2010(Br) - £85½ (11De90)
Caisse Centrale De Cooperation Econ 12⅛% Gtd Ln Stk 2013(Reg) - £109⅞ ⅝ (12De90)
Credit Foncier De France 10⅛%GtdSerLnStk2011,12,13,14(Reg) - £93⅞ ⅛ ⅛
Denmark(Kingdom of) 13% Ln Stk 2005 - £110⅛ ⅛
Electricite de France 11¾% Gtd Ser Ln Stk 2009/12(Reg) - £104⅝ (10De90)
European Investment Bank 9% Ln Stk 2001 (Reg) - £86½ ⅝ ⅝ ⅝ 7 7 ⅛ ⅝ ⅛
9½% Ln Stk 2009 - £87⅞ ⅛ ⅝ 8 ⅛ ⅛ ⅛
10⅜% Ln Stk 2004(Reg) - £94⅝ ⅝ ½ ⅝ ⅝ ⅝ ⅞ ¾
10⅜% Ln Stk 2004(Br £5000) - £94⅝
11% Ln Stk 2002(Reg) - £98⅜ ⅛ 9
Finland(Republic of) 11½% Ln Stk 2009(Reg) - £100⅝ ½ (11De90)
Hydro-Quebec 12.75% Ln Stk 2015 - £105⅝ (7De90)
Inco Ld 15¾% Uns Ln Stk 2008 $ Rep Opt - £114 (12De90)
International Bank for Rec & Dev 9½% Ln Stk 2010(Reg) - £89⅞ ½ (12De90)
11.5% Ln Stk 2003 - £102⅝
Ireland 12½% Ln Stk 2008(Reg) - £106
Malaysia 10¾% Ln Stk 2009(Reg) - £88½
10¾% Ln Stk 2009(Br) - £89⅝ (11De90)
New Zealand 7¾% Stk 88/92 - £93 (12De90)
11¾% Stk 2008(Reg) - £97
Nova Scotia(Province of) 11¾% Ln Stk 2019 - £98⅛
Petroleos Mexicanos 14½% Ln Stk 2006 - £94½ 5 6 (12De90)
Portugal(Rep of) 9% Ln Stk 2016(Reg) - £78⅝
Province de Quebec 12¼% Ln Stk 2020 - £103⅜ (12De90)
Spain(Kingdom of) 11¾% Ln Stk 2010(Reg) - £102⅜
11¾% Ln Stk 2010(Br) - £102⅝ (10De90)
Trinidad & Tobago(Republic of) 12¼% Ln Stk 2009(Reg) - £89 ⅝ (12De90)
United Mexican States 16½% Ln Stk 2008(Reg) - £108 (12De90)

Banks and Discount Companies
No. of bargains included 1682

ABN-AMRO Hldgs N.V. Ord FL5 - FL31 ¾
Barclays PLC ADR (4:1) - $29.374021♦
Barclays Bank PLC 7¾% Uns Cap Ln Stk 86/91 - £96½ 7½ (11De90)
8¾% Uns Cap Ln Stk 86/93 - £90½
12% Uns Cap Ln Stk 2010 - £99 102
16% Uns Cap Ln Stk 2002/07 - £122¾ .325 ¾ ⅝ ¾ 3 (12De90)
Barings PLC 8% Cum 2nd Prf £1 - 76 (12De90)
First Chicago Corp Com Stk $5 - $20.8026 (7De90)
Kyowa Bank Ld Shs of Com Stk Y50 - Y1000 9.6153 .62 19.3424 20.50784 (12De90)
Midland Bank PLC 7½% Subord Uns Ln Stk 83/93 - £87½ (11De90)
10⅛% Subord Uns Ln Stk 93/98 - £87
14% Subord Uns Ln Stk 2002/07 - £107⅝ .345 ¾ .405 ½ ⅝
Mitsubishi Trust & Banking Corp Shs of Com Stk Y50 - Y1705.1908
National Westminster Bank PLC 7% Cum Prf £1 - 61 (11De90)
9% Subord Uns Ln Stk 1993 - £91½
12½% Subord Uns Ln Stk 2004 - £101⅜ 2 ½
Royal Bank of Scotland Group PLC Warrants to sub for Ord - 22 (12De90)
Schroders PLC 8¾% Uns Ln Stk 97/2002 - £80 (7De90)
Standard Chartered PLC 12¾% Subord Uns Ln Stk 2002/07 - £80¾
TSB Group PLC 10⅝% Subord Ln Stk 2008 - £90⅜ ¾
TSB Hill Samuel Bank Holding Co PLC 8% Uns Ln Stk 89/94 - £89½ (7De90)
Warburg (S.G.) Group PLC Cnv Dfd 25p - 105 (7De90)
7⅝% Cum Prf £1 - 73½ (12De90)
Wells Fargo & Company Shs of Com Stk $5 - $57 (7De90)
Wintrust PLC 10⅜% Cum Prf £1 - 86 ¾

Breweries and Distilleries
No. of bargains included 468

Allied-Lyons PLC ADR (1:1) - $9.37 (11De90)
5½% Cum Prf £1 - 46½
3¼% Red Deb Stk 87/97 - £60 (10De90)
6¾% Red Deb Stk 87/92 - £90 (7De90)
7¼% Red Deb Stk 88/93 - £89
11¼% Deb Stk 2009 - £102 ½
5¼% Uns Ln Stk - £43 50 (11De90)
5¾% Uns Ln Stk - £47 (11De90)
7½% Uns Ln Stk - £57 (11De90)
7¾% Uns Ln Stk 93/98 - £80½
Bass PLC 3¾% Deb Stk 87/92 - £90½ (12De90)
8¼% Deb Stk 87/92 - £94 ¾
10⅜% Deb Stk 2016 - £90⅝ (12De90)
4½% Uns Ln Stk 92/97 - £67
7¾% Uns Ln Stk 92/97 - £80 2½ 3½
Bass Investments PLC 7⅞% Uns Ln Stk 92/97 - £82⅜
Boddington Group PLC 9½% Cnv Uns Ln Stk 2000/05 - £138 (11De90)
Bulmer(H.P.)Hldgs PLC 8¾% 2nd Cum Prf £1 - 79½ 81
Greenall Whitley PLC "A" Ord 5p - 196 (7De90)
8% Cum Prf £1 - 70
10% Deb Stk 2014 - £87 (11De90)
8¼% Ird Uns Ln Stk - £64 (11De90)
Guinness PLC ADR (5:1) - $74 (12De90)
Hardys & Hansons PLC Ord 25p - 888 90 (12De90)
Mansfield Brewery PLC Ord £1 - 420 5½ (7De90)
11½% Deb Stk 2010 - £97¾ (10De90)
Scottish & Newcastle Breweries PLC 7% Cnv Cum Prf £1 - 158
Seagram Distillers PLC 12¾% Deb Stk 2012 - £104¼♦
South African Breweries Ld 7% Red Cum Prf R0.60 - 4 (7De90)
Vaux Group PLC 10.75% Deb Stk 2019 - £91⅜ (11De90)
Watney,Mann & Truman Hldgs PLC 3¾% Ird Deb Stk - £33 (12De90)
7% Red Deb Stk 88/93 - £89½ (11De90)
7⅛% Red Deb Stk 87/92 - £91
12⅜% Red Deb Stk 2008 - £104⅝
Whitbread & Co PLC 7% 3rd Cum Prf Stk £1 - 53
4½% Red Deb Stk 99/2004 - £53 (10De90)
7¾% Red Deb Stk 89/94 - £88 (11De90)
7⅛% Uns Ln Stk 86/91 - £95 (11De90)
7⅛% Uns Ln Stk 95/99 - £75 7 ½ 8½
7⅝% Uns Ln Stk 96/2000 - £79⅜
9% Uns Ln Stk 97/2001 - £75 (7De90)
5¾% Ird Uns Ln Stk - £46 (11De90)

Registered Housing Associations
No. of bargains included nil

North Housing Association Ld Zero Cpn Ln Stk 2019 - 350 (12De90)

Commercial, Industrial, etc
No. of bargains included 12357

ABB Kent PLC 8% Uns Ln Stk 88/93 - £87⅞
ADT Ld ADR (10:1) - $22⅞ 3
AMEC PLC 15% Uns Ln Stk 1992 - £96 (10De90)
API Group PLC 3.85% Cum Prf £1 - 38
Airtours PLC Warrants to sub for Ord - 8 (12De90)
Alcan Aluminium Ld Com Shs of NPV - $C22.355 22⅞ (10De90)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 114
Allde Hldgs PLC 9.25% (Net) Cum Red Prf 2008/13 £1 - 65 (11De90)
Allied-Signal Inc Shs of Com Stk $1 - £13.6714 (10De90)
Amber Day Holdings PLC 10½% Cum Red Prf 99/2002 £1 - 73 (7De90)
American Brands Inc Shs of Com Stk $3.125 - £9.5
Anglo United PLC Cnv Red Prf 10p - 45 (12De90)
Arcolectric(Hldgs) PLC Ord 5p - 100
Associated British Foods PLC 5½% Uns Ln Stk 87/2002 50p - 29 (10De90)
7½% Uns Ln Stk 87/2002 50p - 33 (10De90)
Associated Fisheries PLC 6¾% Uns Ln Stk 91/96 - £79
Atlas Copco AB A Shs SK25 - SK175
B Shs SK25 - SK160 60
Attwoods PLC ADR (5:1) - $20½ (11De90)
Attwoods (Finance) NV 8⅞p Gtd Red Cnv Prf 5p - 118 (12De90)
Austin Reed Group PLC Ord 25p - 370 (12De90)
Automated Security(Hldgs) PLC 6% Cnv Cum Red Prf £1 - 90 ¾ .785 (7De90)
Ayrshire Metal Products PLC Ord 25p - 82 (12De90)
B.A.T Industries PLC ADR (1:1) - $11⅞
BET PLC ADR (4:1) - $13.49955
BICC PLC 6% 1st Cum Prf Stk £1 - 40 (11De90)
7¾% Deb Stk 90/95 - £85 (7De90)
BM Group PLC 4.6p (Net) Cnv Cum Red Prf 20p - 116½
BOC Group PLC 12¾% Uns Ln Stk 2012/17 - £102½
B.S.G.International PLC 6¾% 1st Mtg Deb Stk 93/98 - £80
12¾% Uns Ln Stk 93/98 - £77 (11De90)
BTP PLC 7.5p(Net) Cnv Cum Red Prf 10p - 108
Barr & Wallace Arnold Trust PLC Ord 25p - 480
Beazer PLC 8.67% Cum Red Prf £1 - 39½
8½% Cnv Uns Ln Stk 2000 - £75 (10De90)
Bellway PLC 9.5% Cum Red Prf 2014 £1 - 78 (11De90)
Bennett & Fountain Group PLC Warrants to sub for Ord - 2
Blue Circle Home Products PLC 7¾% Uns Ln Stk 87/92 - £95 93¾
Blue Circle Industries PLC 6¾% Uns Ln Stk(1975 or aft) - £54
Boots Co PLC ADR (2:1) - $12.57♦
7¾% Uns Ln Stk 88/93 - £89½
Bowthorpe Hldgs PLC 7% Uns Ln Stk 90/95 - £80 74
Bowyers(Wiltshire) Ld 9½% Uns Ln Stk 90/95 - £85
Braithwaite PLC Cnv Prf 50p - 42½ (7De90)
Brent Chemicals International PLC 9% Cum Red Prf £1 - 81½ (11De90)
British Airways PLC ADR (10:1) - $28¾♦
British-American Tobacco Co Ld 6% 2nd Cum Prf Stk £1 - 50
British Shoe Corp Hldgs PLC 6½% Cum 3rd Prf £1 - 53 (12De90)
British Steel PLC Ord 50p - 116 6 .4417 .4418 ½ ½ .781 .9415 7 7 .0585 ¼ ¾ ½ .56 8 8 .059 .0708 ½ ½ .92 9 9 ¾ ¾ 20
ADR (10:1) - $22⅞ 3⅛ ¼
British Sugar PLC 10¾% Red Deb Stk 2013 - £92⅞
Broadstoner Hldgs PLC 6% Cum Prf £1 - 45♦
Brown & Jackson PLC 10.75% Cnv Cum Prf £1 - 83½ 4
Bulgin(A.F.) & Co PLC Ord Stk 5p - 88
Bullers PLC 6% Cum Prf £1 - 15
Bunzl PLC 7% Cnv Uns Ln Stk 95/97 - £80 1 2 3
Burndene Investments PLC 15% Uns Ln Stk 2007/12 - £80 (12De90)
Burton Group PLC 8% Cnv Uns Ln Stk 1996/2001 - £61⅞
CRT Group PLC Ord 10p - 83 (12De90)
Caird Group PLC 7p Cum Cnv Red Prf 2009 10p - 39 9 41 .479 ½ 2 .021 3
Cakebread,Robey & Co PLC Ord 10p - 85 (12De90)
Canadian Overs Pack Industr Ld Com Npv - 400 (11De90)
Canning(W.) PLC 7½% Uns Ln Stk 88/93 - £83 (12De90)
Carlton Communications PLC ADR (2:1) - $14¾♦
Caslest PLC 10.25% Cum Prf £1 - 72 (11De90)
Caterpillar Inc Shs of Com Stk $1 - $45.1571 (11De90)
Centex Corporation Shs of Com Stk $0.25 - $27.5526 (7De90)
Channel Tunnel Investments PLC 5p - 31
Charter Consolidated PLC 2p(Br) (Cpn 52) - 420♦
Cityvision PLC 8.5%(Net) Cnv Cum Red Prf £1 - 83 5 7
Coats Patons PLC 6¾% Uns Ln Stk 2002/07 - £62 (11De90)
7½% Uns Ln Stk 90/95 - £81
Coats Viyella PLC 4.9% Cum Prf £1 - 42 (12De90)
Cohen(A.) & Co PLC Non.V "A" Ord 20p - 325 (7De90)
Cooper (Frederick) PLC 6.5p (Net) Cnv Red Cum Ptg Prf 10p - 47
Courtaulds PLC 7¾% Deb Stk 89/94 - £88⅞ (10De90)
5½% Uns Ln Stk 94/96 - £77⅞ (12De90)
6½% Uns Ln Stk 94/96 - £76
7¼% Uns Ln Stk 94/96 - £81½ 2
7¾% Uns Ln Stk 2000/05 - £68
Cowan,de Groot PLC 10⅛% Cum Prf £1 - 45 (10De90)
Croda Cosmetics & Toiletries Ld 7½% Uns Ln Stk 87/92 - £92½
Cummins Engine Co Inc Com Stk $2.50 - $35.4276 (7De90)
Dairy Farm International Hldgs Ld Ord $0.05(Hong Kong Register) - $H10.161105 (11De90)
Dalgety PLC 4.85% Cum Prf £1 - 50
Dana Ld 9% Uns Ln Stk 87/92 - £90 (11De90)
Debenhams PLC 6¾% 2nd Deb Stk 90/95 - £78 (7De90)
6½% Uns Ln Stk 86/91 - £90
Delta PLC 3.15% Cum 2nd Prf £1 - 25 (11De90)
10⅜% Deb Stk 95/99 - £95½ (7De90)
Dencora PLC 6.25% Cum Cnv Red Prf £1 - 81 (10De90)
Diploma PLC 10½% Uns Ln Stk 90/95 - £80 (11De90)
Dowty Group PLC 7% Cnv Cum Red Prf £1 - 80 2
E-Systems Inc Com Shs $1 - $31.3026 (7De90)
ECC Group PLC ADR (3:1) - $18⅜ (10De90)
EIS Group PLC 5% Cum Prf Stk £1 - 42 (10De90)
EMC Group PLC Ord 5p - 86 (10De90)
Electron House PLC 6.5% Cnv Cum Red Prf £1 - 30 (10De90)
Elliott(B.) PLC 7¼% Deb Stk 90/95 - £80
Ellis & Everard PLC 7¾% Deb Stk 87/92 - £92½
Ericsson(L.M.)(Telefonaktiebolaget) Ser B(Reg)SK10 - SK188 9 9 ¾ ½ 90 90 1½ 2 ½ ¾ 4
Euro Disneyland S.C.A. Shs FR10 (Depositary Receipts) - £10.05 10.05 10.1 p 995
Shs FR10 (Br) - FR98 .58 .6 .85 9 ¾ .4
European Leisure PLC 8.75p (Net) Cnv Cum Red Prf 25p - 70♦
Eurotunnel PLC/Eurotunnel SA Units (1 EPLC Ord 40p & 1 ESA FR10) (Br) - FR35.89♦ 39♦
Units (Sicovam Inscribed) - FR37½ ¾ .8 .96 8 .01
New Units (FP/LE-21/12/90) - 370 5 5 80 90
NewUnits(SicovamInscribed)(FP-21/12/90) - FR35¾ (12De90)
Evered PLC 11.25p Cum Red Prf 2005 10p - 91 5‡ 7‡ (11De90)
Ex-Lands PLC Warrants to sub for Shs - 18 (12De90)
Ferranti International PLC 5.6% 1st Cum Prf £1 - 40
3.5% 2nd Red Cum Prf £1 - 35 ⅜ (12De90)
Finlan Group PLC Ord 1p - 3½ (7De90)
Finlay(James) PLC 4.2% Cum 1st Prf Stk £1 - 45 ¾
Fisher(Albert)Group PLC Warrants To Sub For Ord - 4½
ADR (10:1) - $22¾ ⅝
Fisons PLC ADR (4:1) - $28.855 (11De90)
5¾% Uns Ln Stk 2004/09 - £53 (11De90)
Fitzwilton PLC 6½% Cum Prf IR£1 - I£0.49 (12De90)
Fluor Corp Com $0.625 - $38.0526 (7De90)
Folkes Group PLC Ord 5p - 68 (10De90)
Fortnum & Mason PLC Ord Stk £1 - £45 (7De90)
Francis Industries Ld 9% Uns Ln Stk 94/99 - £67
Friendly Hotels PLC 5% Cnv Cum Red Prf £1 - 142
7% Cnv Cum Red Prf £1 - 88
GKN (United Kingdom) PLC 10¼% Gtd Deb Stk 90/95 - £96
General Electric Co PLC ADR (1:1) - $3¾ (11De90)
7¼% Uns Ln Stk 87/92 - £91 (11De90)
Gestetner Hldgs PLC Ord Cap 25p - 185 (12De90)
Gibbs & Dandy PLC Ord 10p - 80 ¾
Glaxo Group Ld 7¾% Uns Ln Stk 85/95 50p - 41⅜ (12De90)
Glynwed International PLC 10¾% Uns Ln Stk 94/99 - £82 91 (7De90)
Golden Vale PLC Ord Ir£0.01 - I£0.52
Goodhead Group PLC 7% Cnv Cum Red Prf £1 - 57 (11De90)
Goodwin PLC Ord 10p - 23 (7De90)
Grace (W.R.) & Co Com Stk $1 - $23.3026 (7De90)
Grand Metropolitan PLC 5% Cum Prf £1 - 43 (7De90)
6½% Cum Prf £1 - 53 (7De90)
Great Universal Stores PLC 5¾% Red Uns Ln Stk - £30
6¾% Red Uns Ln Stk - £53 (11De90)
8¾% Uns Ln Stk 93/98 - £70 7
Hasbro Inc Shs of Com Stk $0.50 - $14.8026 (7De90)
Hepworth Capital Finance Ld 11.25% Cnv Cap Bds 2005 (Reg) - 107 ½
Hercules Inc Shs of Com Stk of NPV - $31.5526 (7De90)
Hestair Consumer Products Ld 6% Uns Ln Stk 85/95 - £60 (7De90)
Hickson International PLC 8½% Uns Ln Stk 89/94 - £84
Honda Motor Co Ld Shs of Com Stk Y50 - Y1285 96.178518
Hong Kong Land Hldgs Ld Ord $0.10 (Hong Kong Reg) - £0.48
House of Fraser PLC 8¼% Uns Ln Stk 93/98 - £84½
Howard & Wyndham PLC 18% Uns Ln Stk 78/91 - £30 (11De90)
Hunterprint Group PLC Ord 5p - 13
IMI PLC 7¾% Uns Ln Stk 88/91 - £93 (10De90)
Iceland Frozen Foods Hldgs PLC Cnv Cum Red Prf 20p - 85
Inco Engineered Products Ld 11% Deb Stk 96/2001 - £87
Jardine Matheson Hldgs Ld Ord $0.25 (Hong Kong Register) - $H1.89 $H30.8 .9 1
Jessups PLC 7.3p (Net) Cnv Cum Red Prf 50p - 55 (10De90)
Johnson & Firth Brown PLC 11% Uns Ln Stk 93/98 - £86 (12De90)
Johnson Group Cleaners PLC 7.5p (Net) Cnv Cum Red Prf 10p - 80
Johnson,Matthey PLC 8% Cnv Cum Prf £1 - 395 (10De90)
Kajima Corp Shs of Com Stk Y50 - Y1589.73886 95.34748
Keppel Corporation Ld Ord $S1 - £1.59529 $S5.338175 (12De90)
Kinta Kellas Investments PLC Ord 25p - £0.026948 5 1 (7De90)
Kvaerner A.S. B Shs NK12.50 - £0.1897 NK215
Kymmene Corporation Shs FM20 (Unrestricted) - FM53.1
Ladbroke Group PLC 8% Gtd Uns Ln Stk 90/92 - £92¾
Lamont Hldgs PLC 10% 3rd Cum Prf £1 - 82 (11De90)
Lewis(John)Partnership PLC 5% Cum Prf Stk £1 - 42 (10De90)
7½% Cum Prf Stk £1 - 62 (10De90)
Lex Service PLC 8¾% Uns Ln Stk 92/97 - £75
Life Sciences International PLC 8% Cum Cnv Red Prf £1 - 200 (7De90)
Shs of Com Stk NPV - $75⅝♦
Linton Park PLC 10⅛% Uns Ln Stk 92/97 - £82
Lister & Co PLC 5% Prf(Cum)£1 - 42 (7De90)
Lloyd(F.H.)Hldgs PLC 7¾% Uns Ln Stk 91/91 - £95⅛
Lockheed Corporation Shs of Com Stk $1 - $31.5526 (7De90)
Lonrho PLC ADR (1:1) - $4.3 (11De90)
10¾% 1st Mtg Deb Stk 97/2002 - £89 (11De90)
Low(Wm) & Co PLC 6.75% Cum Cnv Red Prf £1 - 147
Lucas Industries PLC 10¾% Uns Ln Stk 92/97 - £91
McCarthy & Stone PLC 8.75% Cum Red Prf 2003 £1 - 27 (10De90)
7% Cnv Uns Ln Stk 99/04 - £17
Magnet Group PLC 7.5p (Net) 1st Red Prf 50p - 2 (7De90)
Mandarin Oriental International Ld Ord $0.05 (Hong Kong Reg) - $H4.8802♦
Marks & Spencer PLC 7% Cum Prf £1 - 55
Marshalls PLC 7¾% Deb Stk 86/91 - £94½
Menzies(John) PLC 9% Cum Prf £1 - 86
Merchant Retail Group PLC 8¾% Cnv Uns Ln Stk 99/04 - £72.46 3 (7De90)
Michelin Tyre PLC 9¼% Deb Stk 92/97 - £84½ (10De90)
Mitsubishi Electric Corporation Shs of Com Stk Y50 - Y659 ¾ 65 (12De90)
Monsanto Co Com Stk $2 - $48.438 (12De90)
Mount Charlotte Investments PLC 10⅜% 1st Mtg Deb Stk 2014 - £91⅛ ⅛ ⅛ (12De90)
NCR Corp Com Stk $5 - $90 ¾
NMC Group PLC Warrants to sub for Shs - 40♦
NSM PLC 8.5p (Net) Cnv Cum Red Prf 10p - 89 (11De90)
National Medical Enterprises Inc Shs of Com Stk $0.05 - $38⅜ (10De90)
Norsk Data AS Class "B" (Non Vtg) NK20 - NK38⅜
Northern Engineering Industries PLC 8¾% Uns Ln Stk 88/93 - £88 (10De90)
9% Uns Ln Stk 90/95 - £84
Northern Foods PLC New Ord 25p - £3.43 (7De90)
Oceonics Group PLC Warrants to sub for Ord - 7 (10De90)
PFG Hodgson Kenyon Intl PLC 6.75% Cnv Prf 91/2001 10p - 55 (11De90)
Paramount Communications Inc Com Stk $1 - $40⅜ (11De90)
Parkland Textile(Hldgs) PLC 4.2% Cum Prf £1 - 25 (7De90)
Paterson Zochonis PLC 10% Cum Prf £1 - 87 (12De90)
Pearson PLC 8.25% Uns Ln Stk 88/93 - £88
8.525% Uns Ln Stk 88/93 - £89
Perkins Foods PLC 8p(Net) Cum Cnv Red Prf 10p - 100 3
Pokphand (C.P.) Co Ld Shs $H0.40 (Hong Kong Registered) - $H1.342589
Portals Hldgs PLC 9⅛% Cnv Uns Ln Stk 94/2000 - £175
Powell Duffryn PLC 4¾% Cum Prf 50p - 18½
Principal Hotels Group PLC 11% Cnv Uns Ln Stk 94/98 - £80 (12De90)
Prowting PLC 8.8% Cum Red Prf £1 - 74 (11De90)
R.E.A.Hldgs PLC 9% Cum Prf £1 - 55 (10De90)
12% Cnv Uns Ln Stk 2000 - £85
RPH Ld 4½% Uns Ln Stk 2004/09 - £20 35 (12De90)
7¾% Uns Ln Stk 87/92 - £91 (12De90)
9% Uns Ln Stk 99/2004 - £81½♦
Racal Electronics PLC ADR (2:1) - $6.62 .66 .7 .72 .76 .79 .8 .83 .85 ⅞ .9
Racal Security Ld 8% Uns Ln Stk 92/95 - £85⅜
Racal Telecom PLC ADR(10:1) - $49
Ranks Hovis McDougall PLC 6% Cum "B" Prf £1 - 44
8¾% Uns Ln Stk 90/94 - £89♦
8¾% Uns Ln Stk 91/95 - £89
Ransomes PLC 8.25p (Net) Cum Cnv Prf 12.5p - 59 60
Readicut International PLC 8¾% Uns Ln Stk 88/93 - £88 (10De90)
Reckitt & Colman PLC 5% Cum Prf £1 - 40 (11De90)
Reckitt & Colman Capital Finance Ld 9.5% Cnv Cap Bds 2005 - 118 8 ½ ½ 9 ½ 20
Reed International PLC 5½% Cum Red Prf £1 - 42 (7De90)
Renold PLC 6% Cum Prf Stk £1 - 37
8% 1st Deb Stk 91/96 - £77 (10De90)
Rexmore PLC 13%(Net)Cnv Cum Red Prf(91/92) £1 - 85 (10De90)
Rockware Group PLC 7.25% Cnv Cum Red 2nd Prf £1 - 75
8% Uns Ln Stk 95/99 - £72
Rohr Industries Inc Shs of Com Stk $1 - $15 .11 (11De90)
11¾% Cum Prf £1 - 95 (12De90)
Ruberoid PLC 10½% Uns Ln Stk 90/95 - £80 (10De90)
Rugby Group PLC 6% Uns Ln Stk 93/98 - £70
SD-Scicon PLC 6.5% Cnv Cum Red Prf £1 - 63.968 4
Warrants to sub for Ord - 2 (11De90)
Saatchi & Saatchi Co PLC ADR (3:1) - $1⅞♦
6% Cnv Uns Ln Stk 2015 - £24 (12De90)
Sainsbury(J) PLC 7¾% 1st Mtg Deb Stk 87/92 - £92 (7De90)
8% Ird Uns Ln Stk - £88 (11De90)
Scantronic Hldgs PLC 5.75% Cnv Cum Red Prf £1 - 102 3 (12De90)
Scapa Group PLC 8% Uns Ln Stk 88/93 - £77
Scholl PLC 5¾% Cnv Cum Red Prf 2006/11 £1 - 84 5
Sears PLC 7% "A" Cum Prf £1 - 45 (7De90)
12½% Cum Prf £1 - 88 (7De90)
7¾% Uns Ln Stk 92/97 - £74 (12De90)
Shoprite Group Ld Ord 5p - 120 (11De90)
Sidlaw Group PLC 7¾% Uns Ln Stk 2003/08 - £45
Simon Engineering PLC 6% Cum Prf £1 - 30♦
9¼% Deb Stk 92/97 - £85½♦
600 Group PLC 3.15% Cum Prf £1 - 30
4.55% Cum 2nd Prf £1 - 42
Smith & Nephew PLC 5½% Cum Prf £1 - 30 (7De90)
Smith (W.H.) Group PLC "B" Ord 10p - 73 (12De90)
8% Red Deb Stk 87/92 - £95 (7De90)
5¾% Red Uns Ln Stk - £43 (12De90)
SmithKline Beecham PLC ADR (5:1) - $58.78
SmithKline Beecham PLC/SmithKline ADR (1:1) - $51.9 2.03 .15
Smurfit(Jefferson)Group PLC 6% Cum Prf Ir£1 - I£0.45 (7De90)
10½% Uns Ln Stk 76/95 - I£89 (11De90)
9¾% Cnv Uns Ln Nts - £165 I£170
Stag Furniture Hldgs PLC 11% Cum Prf £1 - 65 (11De90)
Staveley Industries PLC 7½% Uns Ln Stk(86/91) - £95⅜
7½% Uns Ln Stk 88/93 - £87
Storehouse PLC 9% Cnv Uns Ln Stk 1992 - £90
Tarmac PLC 7½% Deb Stk 87/92 - £92⅞
Tate & Lyle PLC ADR (4:1) - $22 (11De90)
Telfos Hldgs PLC Warrants to sub for Ord - 40 2 5 50
9% Cum Prf £1 - 62 (12De90)
Tesco PLC 4% Uns Deep Disc Ln Stk 2006 - £45
Tilling(Thomas) PLC 5.25% Cum Prf £1 - 55 (7De90)
8¾% Uns Ln Stk 89/94 - £78 (10De90)
Tioxide Group PLC 11½% Uns Ln Stk 91/96 - £98 (7De90)
Tootal Group PLC 5% Cum Prf £1 - 40 (11De90)
7¾% Uns Ln Stk 89/94 - £86 (10De90)
Trafalgar House PLC 8% Uns Ln Stk 94/99 - £70 (10De90)
9¾% Uns Ln Stk 2000/05 - £75
10¾% Uns Ln Stk 2001/06 - £83 (12De90)
Transport Development Group PLC 8¾% Uns Ln Stk 93/98 - £70 (10De90)
Trinity International Hldgs PLC 5% Cum Prf Stk £1 - 38 (12De90)
Trusthouse Forte PLC Warrants to sub for Ord - 46
10.5% Mtg Deb Stk 91/96 - £95½ 6½
9.1% Uns Ln Stk 95/2000 - £80 (10De90)
UniChem PLC Ord 10p (Ex-Rights) - 117 7 8 9
New Ord 10p (FP/PAL-8/1/91) - 116
Unicorn Industries PLC 8¾% Uns Ln Stk 2000/05 - £76 (7De90)
Unigate PLC 4.95% Cum Prf £1 - 56 (10De90)
5% Uns Ln Stk 91/96 - £72 (11De90)
6½% Uns Ln Stk 91/96 - £70
6¾% Uns Ln Stk 92/97 - £75♦
Unigroup PLC 7¾% Cum Cnv Red Prf £1 - 57
Unilever PLC ADR (4:1) - $89⅜ 89½ (12De90)
5¾% Uns Ln Stk 91/2006 - £55 (10De90)
8% Uns Ln Stk 91/2006 - £70 5½ 6 ½ 8
Union International Co PLC 6% Cum Prf Stk £1 - 47 50
7% Cum Prf Stk £1 - 52 (10De90)
Unisys Corp Com Stk $5 - $3 (10De90)
United Biscuits(Hldgs) PLC 8% Deb Stk 93/98 - £84♦
United Scientific Hldgs PLC 5.5% Cnv Cum Non-Vtg Red Prf £1 - 38 40
Upton & Southern Holdings PLC Ord 25p - 14
Vickers PLC Pfd 5% Stk(Non-Cum) - £38♦
5% Prf(Non-Cum)Stk £1 - 40 (11De90)
5% Cum(Tax Free To 30p)Prf Stk £1 - 50 (12De90)
Wagon Industrial Hldgs PLC 7.25p (Net) Cnv Ptg Prf 10p - 97 100 (7De90)
Walker & Staff Hldgs PLC Ord 5p - 123 (12De90)
Warne,Wright & Rowland Ld 8¾% Deb Stk 87/92 - £82
Watmoughs(Hldgs) PLC 8¾% Cum Red Prf 2005 £1 - 76 ⅜ (12De90)
Waverley Cameron PLC 7.5p (Net) Cnv Cum Red Prf 5p - 25 ⅜ (11De90)
Westerly PLC 11% Cum Prf £1 - 40 (7De90)
Westland Group PLC Warrants to sub for Ord - 38 (10De90)
7¾% Deb Stk 87/92 - £91½
Whitecroft PLC 4.1% Cum Prf £1 - 45 (10De90)
Williams Hldgs PLC 10⅛% Cum Prf £1 - 92 (11De90)
Wolseley PLC 7% Deb Stk 86/91 - £96⅜
Worcester Group PLC Cum Red Cnv Prf 10p - 110 (10De90)
Xerox Corp Com Stk $1 - $36⅞ (10De90)
Yorkshire Chemicals PLC 10% Deb Stk 91/96 - £94½ (10De90)
Yule Catto & Co PLC 11¾% Cum Red Prf 1998/2003 £1 - 102‡ (10De90)

Electricity
No. of bargains included 12307

Eastern Electricity PLC Ord 50p (Regd Int - Cert-100p Pd) - 100 43 3 ½ 4 4 ½ 5 5 ½ 6 ½ 7
East Midlands Electricity PLC Ord 50p (Regd Int Cert-100p Pd) - 100 39 40 40 1 1 ½ ½ 2 2 ½ ½ 3 3 ½ ½ 4 4 5 ½ 6 59
London Electricity PLC Ord 50p (Regd Int Cert-100p Pd) - 100 35 7 7 8 8 ½ 9 9 ½ 40 40 ½ 1 1 8
Manweb PLC Ord 50p (Regd Int Cert-100p Pd) - 158 8 9 9 ½ 60 60 1 1 2 2 3 3 5 75
Midlands Electricity PLC Ord 50p (Regd Int Cert-100p Pd) - 100 38 8 ½ 9 9 ½ 40 40 ½ 1 1 ½ 2 2 3 5 7 9
Northern Electric PLC Ord 50p (Regd Int Cert-100p Pd) - 141 1 ½ 2 2 3 3 ½ 4 4 ½ 5 5 6 6 7 8 50
NORWEB PLC Ord 50p (Regd Int Cert-100p Pd) - 100 45 6 7 7 ½ 8 8 ½ 9 9 ½ ½ 50 50 1 2 3 3
SEEBOARD PLC Ord 50p (Regd Int Cert-100p Pd) - 141 1 2 2 3 3 ½ 4 4 ½ ½ 5 6
Southern Electric PLC Ord 50p (Regd Int Cert-100p Pd) - 100 42 2 ½ ½ 3 3 ½ 4 4 ½ ½ 5 5 5 6 8 53
South Wales Electricity PLC Ord 50p (Regd Int Cert-100p Pd) - 165 5 ½ ½ 6 6 ½ 7 7 8 8
South Western Electricity PLC Ord 50p (Regd Int Cert-100p Pd) - 143 3 ½ 4 4 ½ ½ 5 5 ½ 6 7 7 52
Yorkshire Electricity PLC Ord 50p (Regd Int Cert-100p Pd) - 100 51 2 2 ½ ½ 3 3 ½ ½ 4 4 ½ ½ 5 5 6 6 7 7 67
Regional Electricity Companies Package Units (Regd Int Cert-£1000 Pd) - £1420 35 40 5 5 8 8 50 50 ¾ 1 2 2 3 3 4 4 5 5 6 7 7 8 8 9 9 60 60 1 2 2 3 3 4 5 5 7 8 8 70 70 .565 2 3 4 5 5 8 8 80 80 1 2 5

Financial Trusts, Land, etc
No. of bargains included 201

Aetna Malaysian Growth Fund(Cayman)Ld Ord $0.01 - $5 (12De90)
Armour Trust PLC 10⅛% Uns Ln Stk 91/96 - £91⅛ (11De90)
Australian Agricultural Co Ld $A 0.50 - 375 (7De90)
Babcock Prebon PLC 8.5p (Net) Red Cum Cnv Prf 20p - 15
Daily Mail & General Trust PLC Ord 50p - £0.725 (12De90)
EFT Group PLC Warrants to sub for Ord - 2 (10De90)
Exploration Co PLC Ord Stk 5p - 145 (11De90)
First Iberian Fund Inc Shs of Com Stk $0.01 - $7.949735 (10De90)
G.T.Asia(Sterling)Fund Ld Ptg Red Prf 1p - £13.08
G.T. Berry Japan Fund Ld $0.10 - $29.09♦ 29.11♦
G.T. Chile Growth Fund Ld Ord $0.01 - $8 (7De90)
Warrants to sub for Ord - $1 1½
Govett High Income Gilt Fund Ld Ptg Red Prf 1p - 35½ (11De90)
Guinness Flight Global Strategy Fd Ptg Red Prf $0.01(Global Equity Fund) - $63.73 (11De90)
Ptg Red Prf $0.01(U.K.Fund) - £18.79 (7De90)
Highcroft Investment Trust PLC Ord 25p - 165 (7De90)
INVESCO MIM PLC Wts To Subscribe for Ord - 30 (7De90)
Inchcape PLC 5¼% Cum Red Prf 90/92 £1 - 88 (12De90)
Ld 7¼% Mtg Deb Stk 90/95 - £83
Ivory & Sime Atlas Fund Shs of NPV(Sterling Portfolio) - £1.071 (11De90)
Korea-Europe Fund Ld Shs $0.10 - $4⅜ (7De90)
Shs(IDR to Br) $0.10 (Cpn 3) - $2500 (10De90)
LIT Holdings PLC 9.47% Cum Red Prf £1 - 18
MIM Britannia Jersey Gilt Fund Ld Ptg Red Prf 1p - 18.88‡
Malaysia Capital Fund Ld Ord $1 - $6 (11De90)
Warrants to sub for Ord - $0.05 (11De90)
Malaysian Smaller Cos Fund (Cayman)Ld Ord $0.01 - $7⅞ 7½ (11De90)
Warrants to sub for Ord - $1.2
Manila Fund (Cayman) Ld Ptg Red Prf $0.01 - £4⅜ 5⅜
Mediterranean Fund Ld IDRs (Br) (In denom of 10 Shs) - $800 (11De90)
Mercury International Inv Trust Ld Ptg Red Prf 1p (Continental Europe Fund) - £61.85♦
Scottish Asian Investment Co Ld Warrants to sub for Ptg Shs - $1
Sime Darby Berhad $M 0.50 - 70 (12De90)
Smith New Court PLC 12% Subord Uns Ln Stk 2001 - £98
TR Worldwide Strategy Fund Sicav Shs NPV (North America Fund) - $1.99 (11De90)
Thailand International Fund Ld Ptg Shs $0.01 (IDR's to Br) - $11¾ 12⅞ (12De90)
3i PLC 7¼% "A" Deb Stk 89/92 - £91⅝
7¾% "A" Deb Stk 91/94 - £88⅜ (10De90)
9% "A" Deb Stk 91/94 - £92 (12De90)
Value & Income Trust PLC Warrants 89/94 to sub for Ord - 7 (7De90)

Insurance
No. of bargains included 554

Alexander & Alexander Services Inc Shs of Class C Com Stk $1 - £11⅞ (7De90)
General Acc Fire&Life Assc Corp PLC 7¾% Uns Ln Stk 87/92 - £91♦
7¾% Uns Ln Stk 92/97 - £80⅜ (11De90)
Guardian Royal Exchange Assurance PLC 7% Uns Ln Stk 86/91 - £95
Skandia Group Insurance Co Ld Shs SK5 - SK139.79 40.0981 (11De90)
Willis Corroon PLC ADR (5:1) - £24.4

Investment Trusts
No. of bargains included 572

Aberforth Smaller Companies Tst PLC Ord 25p - 99
Wts to Sub For Ord - 27 (12De90)
Alliance Trust PLC 5% Prf Stk - £43 (7De90)
Baillie Gifford Shin Nippon PLC Warrants to sub for Ord - 65 (10De90)
British Assets Trust PLC "A" 5% Prf Stk(Cum) - £40 (11De90)
Equities Index ULS 2005 10p - 101 (10De90)
British Investment Trust PLC 11.125% Secured Deb Stk 2012 - £95⅜ ⅝ (12De90)
C.S.C.Investment Trust PLC Ord 25p - 100 (7De90)
Capital Gearing Trust PLC Ord 25p - 300 (10De90)
Edinburgh Investment Trust PLC 3.65% Cum Pfd Stk - £44½ (12De90)
3¾% Deb Stk 1998 - £45 (7De90)
7¾% Deb Stk 1995 - £84 7 (7De90)
11⅞% Deb Stk 2014 - £99⅝ ⅝
F.& C. Eurotrust PLC 5¼% Cnv Uns Ln Stk 1996 - £245 (12De90)
Fifth Throgmorton Co PLC 7.25% Cnv Uns Ln Stk 2003 - £99 101 (12De90)
Fleming Mercantile Inv Trust PLC 4½% Perp Deb Stk - £20 (7De90)
Gartmore Value Investments PLC Zero Dividend Prf 10p - 63⅝ (11De90)
Glasgow Income Trust PLC Warrants to sub for Ord - 3 3 (11De90)
Govett Strategic Inv Trust PLC 9¾% Deb Stk 2017 - £85⅝ (11De90)
London & St Lawrence Investment PLC Ord 5p - 106
Merlin Intl Green Inv Tst PLC Ord 25p - 88⅞♦
New Throgmorton Trust(1983) PLC Zero Cpn Deb Stk 1998 - £42 (10De90)
Northern Indust Improv Trust PLC Ord £1 - 378
Scottish American Investment Co PLC Equities Index Uns Ln Stk 2004 - 103 (10De90)
Scottish Eastern Inv Trust PLC 9¾% Deb Stk 2020 - £84⅞ (12De90)
12⅛% Deb Stk 2012 - £104⅞ (12De90)
Scottish Investment Trust PLC 3.65% Cum Pfd Stk - £47 (7De90)
Scottish National Trust PLC 6% Cum Prf £1 - 48 (11De90)
Shires Investment PLC Warrants to sub for Ord - 32 (12De90)
Smaller Companies Inv Trust PLC Ord 50p - 70 (11De90)
TR City of London Trust PLC Pfd Ord Stk(20% Non-Cum)£1 - 170
Trio Investment Trust PLC Ord 25p (A/L-18/1/91) - 36
Wts to Sub for Ord (A/L-18/1/91) - 3½ 7
Trust of Property Shares PLC Warrants to sub for Ord - 10 1 (11De90)
Witan Investment Co PLC 6¾% Deb Stk 90/95 - £78 (11De90)
8¼% Deb Stk 2016 - £77♦

Unit Trusts
No. of bargains included 23

M.& G. European Dividend Fund Inc Units - 45.6
M.& G.Gold & General Fund Accum Units - 37 (10De90)
M.& G. International Income Fund Inc Units - 57⅞ 60.7963

Mines – Miscellaneous
No. of bargains included 124

Amalgamated Financial Invs PLC Shs 1p - 4½
Warrants to sub for Shs - 0½ (10De90)
Asarco Inc Com Stk NPV - $25.4276 (7De90)
Bisichi Mining PLC 10p - 22 (12De90)
Botswana RST Ld Pu2 - 25 (12De90)
El Oro Mining&Exploration Co PLC Ord 10p - 365
Europa Minerals Group PLC Ord 2p - 21 3 4
Warrants to sub for Ord - 1 (10De90)
Mhangura Copper Mines Ld Ord Stk $Z1 - 4 (10De90)
Northchart Investments Ld R 0.10 - £0.12 (7De90)
Tronoh Mines Malaysia Berhad $M1 - 80 (10De90)
Waverley Mining Finance PLC Warrants to sub for Ord - 4½ (7De90)
Zambia Consolidated Copper Mines Ld "B" Ord K10 - 35 (10De90)

Mines – South African
No. of bargains included 24

Barnato Exploration Ld Ord R0.01 - 20♦
DAB Investments Ld Ord R0.01 - 180 (10De90)
Johannesburg Cons Invest Co Ld R0.10 - 25⅞ (12De90)
Lebowa Platinum Mines Ld Ord R0.01 - 42 (10De90)
Lindum Reefs Gold Mining Co Ld Ord R0.01 - 10♦
Ventersport Gold Mining Co Ld Options to sub for Ord - 5 (11De90)

Oil
No. of bargains included 1431

British Petroleum Co PLC ADS(12:1) - $75⅞ (10De90)
8% Cum 1st Prf £1 - 69
9% Cum 2nd Prf £1 - 72 (12De90)
Burmah Castrol PLC 6% Cum 1st Prf Stk £1 - 40 (11De90)
6% Cum 2nd Prf £1 - 47 (7De90)
7¼% Cum Red Prf £1 - 58
8% Cum Prf £1 - 62 (7De90)
Coastal Corporation Shs of Com Stk $0.33 1/3 - $34.3026 (7De90)
ELF UK PLC 12¾% Uns Ln Stk 1991(Reg) - £99¾ (10De90)
Enron Corp Shs of Com Stk $10 - $56.4276 (7De90)
Shell Transport&TradingCo PLC Ord Shs (Br) 25p (Cpn 185) - 449 (12De90)
5½% 1st Prf(Cum)£1 - 47
Texaco International Financial Corp 8% Stg/$ Cnv Gtd Ln Stk 81/89 - £105 (10De90)
Weeks Petroleum Ld Ord (Aust Reg) $0.10 - $A4.486 (12De90)

Property
No. of bargains included 295

Asda Property Hldgs PLC 10 5/16% 1st Mtg Deb Stk 2011 - £84 (7De90)
Bampton Hldgs Ld 8¾% Uns Ln Stk 2002/07 - £72 (7De90)
Bilton(Percy) PLC Accum Shs 25p - 367 (11De90)
Bradford Property Trust PLC 10⅜% Cum Prf £1 - 90 (12De90)
Brixton Estate PLC 9% 1st Mtg Deb Stk 92/97 - £86⅜
9.50% 1st Mtg Deb Stk 2026 - £79¼♦
Capital & Counties PLC 9⅝% 1st Mtg Deb Stk 2027 - £84⅝ ⅜ ⅝
9¾% Uns Ln Stk 91/96 - £85⅞
Charwood Alliance Hldgs Ld 7½% Uns Ln Stk 50p - 30
Churchbury Estates PLC 9% Uns Ln Stk 2000 - £72 (7De90)
Dares Estates PLC 7.75% Cnv Cum Red Prf £1 - 40 5 (12De90)
Estates Property Investment Co PLC 7¾% Uns Ln Stk 89/92 - £90
Great Portland Estates PLC 9.5% 1st Mtg Deb Stk 2016 - £82⅞ ½
Greycoat PLC 12.86% Uns Ln Stk 90/92 - £95 (11De90)
Hammerson Prop Inv&Dev Corp PLC Ord 25p - 633 (12De90)
Haslemere Estates PLC 10⅜% 1st Mtg Deb Stk 2016 - £88⅞ (10De90)
Land Securities PLC 6% 1st Mtg Deb Stk 88/93 - £86
7¾% 1st Mtg Deb Stk 91/96 - £79 (7De90)
9% 1st Mtg Deb Stk 96/2001 - £83 ½
8¾% Uns Ln Stk 92/97 - £84 ½ ¾ 5 ½
Law Land PLC 6⅞% 1st Mtg Deb Stk 86/91 - £90 (7De90)
London&Prov Shop Centres(Hldgs)PLC 10% 1st Mtg Deb Stk 2026 - £82⅞♦
London County Free. & Leas. Prop 7¾% 1st Mtg Deb Stk 92/96 - £85 (7De90)
MEPC PLC 3.85% Cum Prf Stk £1 - 42⅞
9¾% 1st Mtg Deb Stk 97/2002 - £86⅞ (10De90)
10¾% 1st Mtg Deb Stk 2024 - £92⅞ (12De90)
12% 1st Mtg Deb Stk 2017 - £101¾♦
8% Uns Ln Stk 2000/05 - £73♦
10⅞% Uns Ln Stk 2032 - £83⅞
McKay Securities PLC Cap 20p - 135
Merlin International Properties Ld Cum Red Cnv Prf £1 - 2 (12De90)
P & O Property Holdings Ld 8% Uns Ln Stk 97/99 - £78 (11De90)
Peel Hldgs PLC 10% Cum Prf 50p - 29
5.25% (Net) Cnv Cum Non-Vtg Prf £1 - 40 (12De90)
9⅞% 1st Mtg Deb Stk 2011 - £80⅞ (12De90)
Peel South East Ld 8¾% Uns Ln Stk 87/97 - £76
Property Security Inv Trust PLC 8% Cum Prf £1 - 84 (7De90)
Regis Property Hldgs PLC 8¾% Gtd Uns Ln Stk 1997 - £80 (7De90)
Scottish Metropolitan Property PLC 10¾% 1st Mtg Deb Stk 2016 - £84⅞ (10De90)
Shield Group PLC Ord 5p - 15 (12De90)
Speyhawk PLC 9.75% Cum Red Prf 2014 £1 - 45
Town Centre Securities PLC 9% Cnv Uns Ln Stk 96/2000 - £150 (7De90)

Plantations
No. of bargains included 4

Anglo-Eastern Plantations PLC 12½% Uns Ln Stk 95/99 - £85
Beradin Hldgs PLC 5p - 27
Chillington Corporation PLC Ord 25p - 48 (7De90)
Warrants to sub for Ord - 14 (10De90)
9⅛% Cum Red Prf £1 - 98 (11De90)
Padang Senang Hldgs PLC 10p - 70 (11De90)

Shipping
No. of bargains included 142

Bergesen d-y AS "A" Vtg Shs NK2.5 - NK131
"B" Non Vtg Shs NK2.5 - NK130.38 ¾

Utilities
No. of bargains included 16

American Information Tech. Corp Shs of Com Stk $1 - $66⅞ .96
FPL Group Inc Shs of Com Stk $0.01 - $28.4276 (7De90)
Felixstowe Dock & Railway Co Prf Units - £102 .000313 (12De90)
GTE Corporation Shs of Com Stk $0.05 - $29.58964♦
Manchester Ship Canal Co 5% Perp Prf £1 - 16
Pacific Gas & Electric Co Shs of Com Stk $5 - $24⅞ ⅝ (11De90)

Water
No. of bargains included 712

East Surrey Water PLC 7% Red Deb Stk 90/92 - £91⅞
Mid Kent Holdings PLC Warrants to sub for Ord - 15 (7De90)
Bristol Waterworks Co 3.5%(Fmly 5%)Max Ord Stk - £325♦
Cambridge Water Co 9¾% Red Deb Stk 92/97 - £86
Chester Waterworks Co 8% Red Deb Stk 92/94 - £87♦
East Worcestershire Waterworks Co 8% Red Deb Stk 91/93 - £88
Eastbourne Water Co 7½% Red Deb Stk 90/92 - £90⅜
Essex Water Co 3.5%(Fmly 5%)Prf Stk - £250 (10De90)
Mid-Sussex Water Co 4.9%(Fmly 7%)Max Addl Ord Stk - £700 (10De90)
Sunderland & South Shields Water Co 7¾% Red Deb Stk 92/94 - £89 (10De90)

Miscellaneous Warrants
No. of bargains included 3

Bankers Trust International Ld Put Wts Rel to FT-SE 100 Index - £265
Wts Rel to Ord Shs in Allied-Lyons - £0.055 (12De90)
Wts Rel to Ord Shs in Glaxo Hldgs PLC - £0.295 (12De90)
Citibank N.A. Call Wts Rel to FT-SE 100 Index - £1.8 (12De90)
Salomon Inc HK$Call Wts to purch Ord Shs HK Telecom Ld - $H2

USM Appendix
No. of bargains included 285

Apollo Metals PLC 8p(Net) Cum Cnv Red Prf 10p - 185 (7De90)
BLP Group PLC 8p (Net) Cnv Cum Red Prf 10p - 60 (7De90)
Beckenham Group PLC 9% Red Cum Non-Vtg Prf £1 - 60 (12De90)
Dakota Group PLC Ord Ir£0.25 - I£0.3 I£0.32
Midland & Scottish Resources PLC Ord 10p - 97 104 (11De90)
Paramount PLC Ord 2½p - 9¾♦
Savage Group PLC 6.5% (Net) Cum Red Cnv Prf £1 - 39¾ ⅝ (10De90)
Tullow Oil PLC Warrants to sub for Ord - 1 (7De90)
URS International Inc Shs of Com Stk $0.01 - 0⅜

The Third Market Appendix
No. of bargains included 19

Edinburgh Hibernian PLC Ord 2p - 18 (10De90)

Rule 535(2)
No. of bargains included 16

Aberdeen Trust Hldgs PLC Wts to sub for Ord - £0.17 (7De90)
All England Lawn Tennis Ground Ld Deb 91/95 £2000 - £23000 (11De90)
Channel Islands Comms (TV) Ld Ord 5p - £0.38 (10De90)
Church Housing Association Ld 2½% Ln Stk - £10 (10De90)
Clucas Cleaners Ld Ord £1 - £2.45 (11De90)
Clyde Shipping Co Ld Cum Prf £1 - £0.98 (7De90)
D.B.S.Management PLC Ord 10p - £2.15
Everton Football Club Co Ld Ord Stk £1 - £1950 (7De90)
Kleinwort Benson(Guernsey)Fund Man International Income - £1.85 1.865
MIM Britannia International Ld Japan Income & Growth - £1.487 (7De90)
Newbury Racecourse PLC Ord £100 - £1753½ (11De90)
Newspaper Publishing PLC Ord 1p - £3½ (11De90)
North West Exploration PLC Ord 20p - 10
Rangers Football Club PLC Ord £1 - £70
Southern Newspapers PLC Ord £1 - £1¾ (11De90)
Sun Oil Britain Ld Oil Royalty Stk Units 1p - £0.37 0.37 0.4 (11De90)
Transatlantic Hldgs PLC Ord 50p - £3.2 (12De90)
Cnv Cum Prf 50p - £3.9 (10De90)
Weetabix Ld "A" Non.V Ord 25p - £5.1♦

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

American Home Products $52.1 ♦ (12/12)
Ampol Exploration 70 ♦ (13/12)
Boral Ord Stk A$3.16826 (7/12)
City Developments Y890.58 (11/12)
Email Ord Stk A$2.75 ♦ 2.758 ♦ (12/12)
Highveld Steel & Vanadium R13.25 (13/12)
Hysan Development HS1.215 ♦ (12/12)
Kern Corp A$0.1583 ♦ 0.1588 ♦ (12/12)
Kredietbank BF3295.0 (11/12)
Malaysian Airline System M$5.7721 (10/12)
Oil Search 17.5 (13/12)
Robinson & Co S$3.0687 ♦ 3.0857 (10/12)
Saab-Scania Ser "A" SK163.4576 ♦ (13/12)
Vam A$0.13078 (10/12)

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LONDON STOCK EXCHANGE

Gulf concern halts advance by shares

THE SHADOW of the Gulf crisis fell across the market towards the close of yesterday's trading session. Reports from Washington that President Bush might abandon the quest for direct talks with Iraq was quickly reflected in firmer crude oil prices and a fall on Wall Street in early trading, and this abruptly reversed the gain in the London market which had earlier greeted news of a sharp dip in domestic inflation.

By the close of business, the FT-SE Index showed a rise on the day of only 3.8 at 2,168.4. Earlier, the market had extended its recent advance, showing a net rise of more than 12 Footsie points following the welcome news that Britain's annualised inflation rate had fallen to 9.7 per cent last month.

Account Dealing Dates		
First Dealings:		
Nov 19	Dec 10	Dec 31
Option Declarations:		
Dec 6	Dec 27	Jan 10
Last Dealings:		
Dec 7	Dec 28	Jan 11
Account Day:		
Dec 17	Jan 7	Jan 21

*New-time dealings may take place from 8.30 am two business days earlier.

A fall to below 9 per cent in the annual level of inflation had been virtually certain, but the actual dip in the retail price index (RPI) was slightly greater than predicted by some equity market analysts. The City of London has largely accepted that any cut in base rates will probably have to wait until next year but was happy to hear the UK Treasury reaffirm yesterday that domestic inflation should fall sharply in 1991.

Investors brushed off the announcement of a fall in October industrial production, which provided further evidence of the economic recession in the UK. Trading volume remained relatively high, with 556.1m shares moving through the Seaq network, compared with 693.6m on Thursday. Data for Wednesday, the latest available from the International Stock Exchange, confirm that daily retail volume has regained the £1.1bn mark this week.

Equities started the day firmly but were soon responding to a number of favourable factors. The FT-SE December futures contract, which has sustained a premium for most of the past week, moved up at mid-morning yesterday, taking the underlying stock market ahead in its trail.

Investment confidence was encouraged by the disclosure that Welsh Water has built up a 9.9 per cent stake in South Wales Electricity since the public flotation of Britain's electricity companies on Tuesday.

The opportunities for "synergy" between water and electricity companies, spelled out yesterday by the chairman of Welsh Water, had not been lost on equity market analysts, but the speed of the move by the Welsh utility company caught some market professionals by surprise. Other water stocks edged higher for a while, but they ended well below their best prices for the session.

The jolt to the London market came when Wall Street opened sharply down, extending its loss to 26.49 Dow points in London trading hours. UK Government bonds, which had been no more than a touch off following the RPI announcement, had fallen by half a point at the longer end by the close of trading. The near-dated Gilts fared better, ending with falls of only ¼ or so.

The downturn in equities extended to 5.6 points at worst, but shares rallied as London sensed some steadying in the New York market.

Last night's closing level on the FT-SE Index showed a dip of 15 points over the week, the first leg of an extended three week trading account covering the Christmas period. Hopes for a cut in base rates this year have dwindled this week, and been effectively abandoned since a discouraging speech on Wednesday from Mr Norman Lamont, the new UK chancellor of the exchequer.

FINANCIAL TIMES STOCK INDICES

	Dec 14	Dec 13	Dec 12	Dec 11	Dec 10	Year Ago	1990 High	1990 Low	Since Compilation High	Since Compilation Low
Government Secs	83.37	83.31	83.39	83.27	83.29	83.99	84.20 (2/1)	74.13 (30/4)	127.4 (9/1/35)	43.18 (3/1/75)
Fixed Interest	91.14	91.02	91.17	90.68	90.68	92.25	92.91 (8/1)	83.80 (30/4)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1701.2	1704.9	1692.2	1706.0	1721.5	1651.7	1968.3 (3/1)	1510.4 (24/9)	2008.6 (5/9/83)	49.4 (26/6/40)
Gold Mines	138.8	139.1	141.8	149.1	148.4	308.4	378.5 (6/2)	138.8 (14/12)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2168.4	2172.2	2156.9	2165.8	2182.5	2344.7	2463.7 (3/1)	1990.2 (28/9)	2463.7 (3/1/90)	986.9 (23/7/84)
FT-SE Eurotrack 100	992.71	996.21	993.81	989.49	992.09	-	1003.35 (6/12)	948.31 (27/11)	1003.35 (6/12/90)	948.31 (27/11/90)
Ord. Div. Yield	5.65	5.62	5.68	5.63	5.60	4.50				
Earning Yld %(full)	11.79	11.74	11.85	11.76	11.69	11.19				
P/E Ratio(Net)(*)	10.25	10.29	10.19	10.27	10.34	10.82				
SEAQ Bargns 4.45pm	32,604	31,637	38,640	40,877	18,561	29,761				
Equity Turnover(£m)†	-	1315.89	1162.97	1369.78	525.12	842.51				
Equity Bargains†	-	39,727	47,152	39,654	17,535	32,086				
Shares Traded (ml)†	-	616.6	515.0	580.1	283.4	365.6				

Basis 100 Govt. Secs 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold mines 12/9/55. Base 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 100 31/3/90. ☆ Nil 10.08

Ordinary Share Index, Hourly changes — Day's High 1714.9 — Day's Low 1700.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1705.5	1711.8	1708.1	1711.7	1714.7	1714.6	1712.0	1710.6	1703.7

FT-SE, Hourly changes — Day's High 2184.6 — Day's Low 2166.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2173.5	2180.6	2174.0	2181.6	2184.5	2184.5	2181.2	2179.2	2170.4

FT-SE Eurotrack 100, hourly changes — Day's High 996.04 — Day's Low 991.02

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
991.51	991.34	993.17	993.69	995.62	993.69	992.45

GILT EDGED ACTIVITY

Indices*	Dec 13	Dec 12
Gilt Edged Bargains	92.5	95.4
5 – Day average	97.7	103.4

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover

London report and latest Share index: Tel. 0898 123001

Barclays in new downturn

AN uncomfortable week for the banking sector closed with Barclays Bank under selling pressure as more analysts cut profit estimates for the bank, the UK's biggest in terms of market capitalisation. Adding to the stock's discomfiture was a suspicion among banking researchers that Barclays may be paying a high price for Credit Commercial de France's subsidiary, Europeene de Banque.

Profit downgrades this week by such leading securities houses as Smith New Court, UBS Phillips & Drew and Goldman Sachs were followed yesterday by a steep cut in estimates carried out by Lehman Brothers.

Mr Robert Law at Lehman said he had lopped £245m off his estimate of pre-tax profits for the current year, from £1.145bn to £900m, as well as lowering estimates for the other leading banks. For next year Lehman expects Barclays to achieve pre-taxprofits of £1bn.

Mr Law said Barclays expanded its lending book rapidly in 1988 and that a sharp increase in bad debts reflected loans granted during that period. The Lehman analyst described Barclays shares as a "weak hold in a sector we expect to decline from here," but said he expected Barclays to increase the dividend by 12 per cent to 22p. Barclays shares dropped 8 to 362p on turnover of 7.6m.

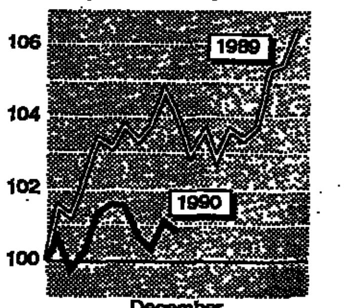
Selling of ICI

ICI was hit both by US selling of international stocks and a change in County NatWest's recommendation from hold to trading sell. Mr Ian John at County said that ICI had outperformed the market by 9 per cent since the unexceptional third quarter figures in October.

The fall has pulled the yield below 8 per cent. His decision had also been influenced by the company's vulnerability to an oil price spike, to a reduction in world trade after the failure of Gatt talks this month, recent caution on capacity in petrochemicals from oil companies, and the company's own senior management warning of the length and depth of the UK recession.

Mr John said that the dividend should be safe while profits were above £800m - analysts forecasts are around £100m higher than that for the current year. The shares lost 21 to 909p on solid turnover of 1.6m shares.

FT-SE 100 Index
rebased (Nov.30 = 100)



Tunnel supported

A near 98 per cent take up on the French side for Eurotunnel's rights issue gave a further boost to the units' price in London. There was a surprisingly enthusiastic response to the issue in the UK last week.

Mr Matthew Stainer at Hoare Govett pointed out that of the UK part of the issue, the fifteen per cent that was not initially taken up, was sold on the market at a premium. The issue has benefited from news earlier in the week that Eurotunnel is to be admitted to the FT-SE 100 index. Eurotunnel rose 12 during the day but closed 7 up at 395p.

A number of French underwriters were said to have gone short on the issue in the expectation that they would be receiving more shares than they actually did. Analysts suggested this would help the shares.

Next week will provide the evidence as to whether the UK stock market will again enjoy its traditional pre-Christmas rally. After a cautious start, December has seen shares moving ahead, despite growing belief that base rates cuts were unlikely, at least before the end of the year. Trading volumes have risen sharply in recent days, returning to levels of £1bn plus identified with a "healthy" market. However, rapidly changing views on the Gulf crisis yesterday showed the Middle East's ability to upset global stock markets.

Internationals slipped as US sellers made their presence felt in London before the opening of Wall Street. Apart from ICI, BOC fell 13 to 500p, BAT Industries shed 10 to 598p and Reuters lost 20 669p.

James Capel turned cautious on Hanson after publication of the company's report and accounts. Mr Paul Beaufrere at Capel was concerned by both the size of the provision for possible legal action against the US coal business Peabody, and a lower than expected level of cash generation from the rest of the business. "There is more meat here for the bears than the bulls," he said. Hanson lost 1½ to 199p.

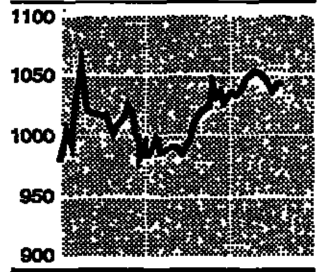
Several brokers cut their profit forecasts for Inchcape, the overseas trader and vehicle importer. BZW dropped its estimate for the year ending December 31 by £13m to £172m. S G Warburg, the company's broker, moved to £171m from £183m. The reasons given were weakness across all the company's businesses in the UK. Next year's numbers were also cut. Inchcape lost 5 to 231p.

BZW also cut its figures for Lonrho, 2 lower at 213p. Ms Julia Pennington now forecasts £265m profit this year instead of £282m and £260m rather than £304m for next year. She said there was likely to be a rally in the shares before results near the end of January, and that this would be an opportunity to take profits.

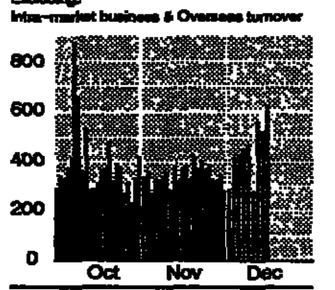
The Racal twins moved higher with Electronics 5 stronger at 187p and Telecoms 6 to the good at 260p. Although largely dispelled by electronics specialists, long-time rumours that Cable & Wireless is still hovering in the background and may emerge as a stake-builder in Electronics were said to have boosted the latter. Telecom responded to news that it is taking a 10 per cent stake in a consortium granted a digital cellular licence by the Swedish Government.

The revelation that Welsh Water has moved swiftly to accumulate a near 10 per cent stake in newly-privatised South Wales Electricity during the first three trading sessions in the discos, confirmed market suspicions and had little effect on the South Wales share price which eased 1½ to 165½p. Turnover in the stock was an unremarkable 2.8m shares. Welsh Water slipped 4 to 279p. Dealers were unconvinced that there had been any similar activity in other discos although the South Wales news triggered intermittent bouts of speculative activity.

FT-A All-Share Index



Equity Shares Traded
Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



The biggest action yesterday was in Yorkshire, which added 5¼ at 159p on 8.2m, followed by London which put on 3¼ to 143½p on 6.4m. Manweb, which displayed the biggest premium – 76 per cent – on the discos' debut on Tuesday, rallied from a two-day bout of profit-taking and closed 11 higher at 170p. Seeboard, with took the dubious accolade of recording the lowest opening premium of the 12 discos – 46 per cent – edged up 4 to 147p.

Water stocks were much quieter after the spate of bought deals and placings carried out by broking firm Smith New Court during the past two weeks, cluminating in the sale by French group Compagnie Lyonnaise des Eaux Dumez of its stakes in Severn Trent and Wessex Water.

Engineering issues put in a mixed performance with analysts' assessments the deciding factor. A recommendation by BZW lifted British Aerospace, up 3 at 530p. Mr Andrew Umbers at BZW said reasserted his buy recommendation after a meeting with the company that all four main divisions of BAe were well positioned to perform well in the present year and that a Saudi Arabian order for about 48 Tornadoes was about to come through. Others houses were less sure, however, and took the view that the Saudi Tornado order was "a possibility but by no means certain," as one analyst said.

The good mood surrounding British Aerospace helped other issues, with Dowty rising 4 to 167p and Lucas Industries gaining 4 to 137p. Hawker Siddeley, by contrast, was depressed by a downgrading by Warburg, following a recent similar move by Cazenove. It closed 5 off at 418p.

Ever-volatile Midlands Radio subsided with fading bid talk and ended 18 lower on the day at 104p.

Midland edged up a penny to 213p with the market expecting a formal statement on Monday regarding its relationship with Hongkong & Shanghai Banking.

Abbey National lost 6 to 228p on 3.1m shares traded after reports of a downgrade by one of the biggest UK broking houses. Specialists said Abbey could not remain immune to the bad debt problems which beset the big banks and that the Abbey was bound to encounter problems in its mortgage business as the recession bites harder.

Dealers said there were some large lines of stock traded late in the session in the insurance sector. A block of 5.3m Legal & General was printed on the Seaq ticker minutes before the official close, and Legal settled 4 firmer at 384p.

Retailers came under renewed pressure as County NatWest turned cautious on the sector. "The signs are that the build-up to Christmas has been a disappointment. Time is running out and some companies are beginning to take panic measures," said Mr John Richards of County. He drew attention to Dixons, down a penny at 140p, whose interim results in January might be disappointing. Boots eased 2 to 330p on expectations of sales below budget. County denied talk circulating in the US that it had cut its Ratners profit estimate, but the shares still fell 8 to 185p.

■ Other market statistics, including the FT-Actuaries Share Index and London Traded Options, Page 9.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000s	Closing Price	Day's change
ADT	214	112	
ASDA Group	3,600	121	
Abbey National	3,100	228	-6
Allied-Lyons	1,600	488	-4
Amstrad	905	65	
Anglian Water	946	289	+1
Argos	789	247	
Argyll Group	1,400	249	
Ass. Brit. Foods	560	423	+3
BAA	1,500	471½	+½
BAT Inds.	3,500	598	-10
BET	1,500	186	-2
BICC	911	365	+3
BOC	429	500	-13
BPB Inds.	884	182	-1
BTR	2,800	336	-3
Bank of Scotland	791	115	+1
Barclays	7,600	362	-8
Bass	287	1054	+3
Beazer	572	96	-2
Berisford Int.	13,000	15	
Blue Circle	1,700	220	
Boots	2,400	330	-2
Brit. Aerospace	1,500	530	+3
British Airways	2,430	148	-2
British Gas	4,300	236	-1½
British Land	534	283	
BP	2,900	326	+5½
British Steel	7,000	117½	
British Telecom	4,300	[illegible]	+½
Bunzl	1,300	89	-1
Burmah Castrol	193	512	+5
Burton	4,000	83	-1
Cable & Wire.	1,800	454	-3
Cadbury	2,100	329	+1
Calor Group	339	343	+2
Carlton Comms	513	365	-8
Coats Viyella	2,400	131	+3
Comm. Union	222	487	-5
Cookson	2,400	104	-2
Courtaulds	575	342	
Dalgety	352	356	+1
Dixons	450	140	-1
ECC Group	2,200	338	+8
East Midland Elect.	3,900	144½	+2½
Eastern Elect.	4,200	143½	-½
Enterprise Oil	1,100	619	-3
FKI	75	50	-1
Ferranti	658	14	-½
Fisons	1,600	278	-3
Gen Accident	1,000	495	+7
General Elect	6,500	177	+3
Glaxo	1,600	869	-5
Glynwed Intl	1,200	216	-2
Granada	1,000	[illegible]	[illegible]
Grand Met	4,000	[illegible]	[illegible]
GUS A	127	[illegible]	[illegible]
GRE	1,600	[illegible]	[illegible]
GKN	407	[illegible]	[illegible]
Guinness	600	[illegible]	[illegible]
Hammerson 'A'	446	[illegible]	[illegible]
Hanson	8,700	[illegible]	[illegible]
Hanson Warrants	151	[illegible]	[illegible]
Harrisons Crosfield	705	[illegible]	[illegible]
Hawker Sidd	1,600	[illegible]	[illegible]
Hillsdown	1,000	[illegible]	[illegible]
IMI	1,200	[illegible]	[illegible]
ICI	1,600	[illegible]	[illegible]
Inchcape	512	[illegible]	[illegible]
Kingfisher	2,500	[illegible]	[illegible]
Ladbroke	2,300	[illegible]	[illegible]
Land Securities	551	[illegible]	[illegible]
Laporte	124	[illegible]	[illegible]
Legal & General	7,600	[illegible]	[illegible]
Lloyds Abbey	11,000	[illegible]	[illegible]
Lloyds Bank	1,900	[illegible]	[illegible]
London Elect.	6,400	[illegible]	[illegible]
LASMO	1,400	[illegible]	[illegible]
Lonrho	894	[illegible]	[illegible]
Lucas	2,500	[illegible]	[illegible]
MB Caradon	468	[illegible]	[illegible]
MEPC	970	[illegible]	[illegible]
Manpower	425	[illegible]	[illegible]
Manweb	4,500	[illegible]	[illegible]
Marks & Spencer	[illegible]	[illegible]	[illegible]
Maxwell Comms	[illegible]	151½	-1½
Midland Bank	1,000	213	+1
Midlands Elect	[illegible]	142½	+3½
NatWest Bank	[illegible]	[illegible]	-3
Next	5,400	[illegible]	[illegible]
North West Water	[illegible]	261	-1
Northern Elect	[illegible]	146	[illegible]
Northern Foods	[illegible]	[illegible]	[illegible]
Northumbrian Water	[illegible]	[illegible]	[illegible]
Norweb	[illegible]	[illegible]	[illegible]
Pearson	124	661	+1
[illegible]	[illegible]	[illegible]	[illegible]

Based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 4.30pm

NEW HIGHS AND LOWS FOR 1990

NEW HIGHS (13).

BUILDINGS (2) Berkeley, Persimmon, ELECTRICALS (1) Prassac, FOODS (1) Watson & Philip, INDUSTRIALS (2) London Intl., Sycamore, TRANSPORT (1) IoM Steam, TRUSTS (5) Exmoor Dual Zero Pf., Fleming Int. High Zero Div Pf., Olim Zero Cpn Pf., Scot. Nat. Zero Div Pf, Tor, Inv. Inc., WATER (1) Thames Water.

NEW LOWS (88).

AMERICANS (2) Ford Motor, Louisiana Land, CANADIANS (1) ECO, BANKS (3) Brown Shipley, Cambridge Grp., Reflex Inva., BUILDINGS (5) Ashtead, Lilley, McAlpine (Alfred), McCarthy & Stone, Torex Hire, STORES (1) Hampden Homecare, ELECTRICALS (3) CML Microsystems, First Technology, Plasmec, ENGINEERING (3) MS Intl., Simon Eng., Tex Hldgs., HOTELS (1) Stakis, INDUSTRIALS (6) Amer. Bus. Systems, Computer People, Hartons 7pc Pf., Marling Inds., Melville, Petrocon, INSURANCE (1) FAI Insurances, LEISURE (1) Swanyard, MOTORS (3) ABI Leisure, General Motors Units, March Grp., PAPERS (6) API, Acsis, Aegis, Harcourt Grp., Shandwick, Shelton (Martin), PROPERTY (2) Fletcher King, Merchant Man. Ests., TEXTILES (1) Sirdar, TRANSPORT (1) Graig Shipping, TRUSTS (6) Abtrust New Dawn Warrants, Eng. & Cal. Invest., New Zealand Inv. Tst., Radiotrust, Selective Assets trust, Stratagem, OILS (5) Global Natural Resources, Kingston Oil & Gas, NZ Oil & Gas, Sceptre Res., Tuskar Res., MINES (15) Anglesey Mining, Dominion Mining, Free State Dev., GM Kalgoorlie, Hartebeest, Kloof Gold, MIM, Monorco, Nor-Quest Resources, Rand Mines, Southvaal, Unisel, Western Areas, Western Mining, Young Grp., THIRD MARKET (2) Fast Forward Inns, Vista Ents.

RISES AND FALLS YESTERDAY

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	35	43	8	174	199	57
Corps, Dom. & Foreign Bonds	1	3	17	21	6	78
Industrials	272	268	1,021	1,451	1,565	4,764
Financial and Props	132	153	464	704	732	2,301
Oils	26	26	41	96	149	217
Plantations	1	0	9	5	4	41
Mines	22	37	94	100	232	433
Others	71	67	80	316	334	424
Totals	560	597	1,734	2,867	3,221	8,315

LEADERS AND LAGGARDS

Percentage changes since December 29 1989 based on Thursday December 13 1990

Water	+	10.35
Brewers and Distillers	+	2.73
Stores	-	1.04
Food Retailing	-	1.88
Health & Household Products	-	5.09
Packaging and Paper	-	5.71
Consumer Group	-	7.39
Oil & Gas	-	7.64
Telephone Networks	-	8.30
Insurance (Life)	-	10.43
Food Manufacturing	-	11.78
Chemicals	-	12.04
Banks	-	12.24
500 Share Index	-	12.44
Industrial Group	-	13.24
All-Share Index	-	13.31
Building Materials	-	13.99
Other Groups	-	14.79
Financial Group	-	15.75
Metals and Metal Forming	-	16.14
Engineering-Aerospace	-	17.70
Insurance (Composite)	-	17.84
Transport	-	18.02
Insurance Brokers	-	18.08
Conglomerates	-	19.14
Property	-	19.58
Electronics	-	19.75
Investment Trusts	-	20.99
Publishing and Printing	-	21.47
Capital Goods	-	21.79
Engineering-General	-	23.87
Motors	-	24.21
Textiles	-	24.57
Overseas Traders	-	25.97
Merchant Banks	-	26.30
Leisure	-	26.41
Contracting, Construction	-	26.64
Other Industrial Materials	-	27.09
Electricals	-	27.84
Agencies	-	39.31
Gold Mines Index	-	55.0

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	09/92	103-08	-03/32	11.38	11.13	11.61
	9.000	03/00	90-29	-15/32	10.56	10.53	11.39
	9.000	10/08	90-17	-15/32	10.15	10.17	11.04
US TREASURY *	8.500	11/00	103-02	-17/32	8.04	8.05	8.38
	8.750	08/20	106-01	-30/32	8.20	8.22	8.52
JAPAN No 119	4.800	6/99	87.3310	-0.200	7.20	7.18	7.78
No 129	6.400	03/00	98.0811	-0.139	6.74	6.89	7.46
GERMANY	9.000	10/00	102.1200	-0.380	8.66	8.80	9.00
FRANCE BTAN	9.000	11/95	95.6504	-0.142	10.15	10.10	10.27
OAT	8.500	03/00	92.0100	-0.480	9.83	9.89	10.30
CANADA *	10.500	03/01	102.0000	-0.475	10.18	10.23	10.65
NETHERLANDS	9.250	11/00	101.8900	-0.230	8.95	9.03	9.19
AUSTRALIA	13.000	07/00	106.2726	+0.347	11.89	12.02	12.62
BELGIUM	10.000	08/00	100.6500	-0.200	9.87	9.66	9.78

London closing, *denotes New York morning session
Yields: Local market standard — Prices: US, UK in 32nds, others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Silver price drops to 15-year low

THE LONDON bullion market silver price dropped below 400 US cents a troy ounce yesterday for the first time in 15 years as deepening fears of recession weighed on market sentiment. The spot price closed at 396.4 cents, down 4.85 cents on the day and 18.35 cents on the week.

Silver has been in heavy oversupply for a long time – current world stocks are estimated to be enough for more than 28 months' consumption – and prospects for an upturn in demand from the photographic and solder-making industries appear remote. Meanwhile there is little prospect of the supply/demand balance being redressed by a cut in production. A large proportion of the world's silver is produced as a by-product to the winning of other metals, so output is not very responsive to price movements.

"It (the silver price) may well move into uncharted territory from here," commented one London trader after yesterday's fall.

The price of platinum – the main use for which is in car exhaust catalysts – also suffered from the recession fears, falling $6.90 on the week to $418.10 a troy ounce. But concern over the Gulf situation lifted the gold price by $4.50 to $373.75 a troy ounce. There were also suggestions that some US fund managers had been buying gold with money released by silver sales.

At the London Metal Exchange hopes that the aluminium market would build on last week's chart break-out from $1,545 a tonne were quickly dashed. On Monday sentiment was knocked by news from the International Primary Aluminium Institute that unwrought stocks had shown a rise of 69,000 tonnes in October, instead of the expected sharp fall. And the market was in for another disappointment on Tuesday, with the announcement of a smaller-than-expected 1,675-tonne fall in LME warehouse stocks.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	-10,000	to 298,950
Copper	+2,225	to 165,075
Lead	-600	to 41,550
Nickel	-450	to 2,638
Zinc	-400	to 53,650
Tin	+900	to 18,775

By Tuesday's close the cash price was at $1,503 a tonne, down $61 on the week thus far. A subsequent cautious rally was given a boost yesterday morning by the announcement of a 10,000-tonne fall in LME stocks. The fact that most of that metal was removed from the exchange's Japanese warehouse raised hopes that the October surge of more than 70,000 tonnes in the stocks total was about to be reversed, in part at least, as the Japanese traders who had delivered the metal to cover short positions returned to the market to cover physical needs. But after the cash price had risen to $1,540.50 a tonne at the close of the morning ring, speculative buying and short-covering dried up, allowing the price to slide back to $1,520 a tonne at the close, down $2 on the day and $44 on the week.

The LME's weakest market this week was nickel. As demand from steel makers continued slack the cash price slid slowly but surely towards the major support area around $3.50 a lb ($7,715 a tonne). Although stocks of the metal remain relatively low the absence of nearby demand allowed the premium for cash metal over the three months delivery price to be eliminated at one point. But the backwardation, as the premium is called, returned yesterday with cash metal closing at $7,932.50 a tonne, down $342.50 on the week, and three months at $7,912.50, down $205.

Lead prices were also falling steeply early in the week. With North American demand disappointing and no sign of the usual seasonal pick-up in European purchases, cash metal reached a 32-month low of £315.50 a tonne at Wednesday's close. Dealers thought, however, that the market's weakness might have been exaggerated by the reluctance of manufacturers to buy in a falling market, and that view appeared to be borne out when an upturn on Thursday prompted a wave of short-covering that by yesterday's close had wiped out all but £1 of the previous £14.50 fall.

London's soft commodity markets had a virtually featureless week, and robusta coffee was no exception. But the continuing rise in New York's "other milds" coffee futures contract was fuelled by estimates that adverse weather might reduce crops by up to 30 per cent in the Central American countries where those varieties are grown.

London's Baltic International Freight Futures Market continued to be buoyed for most of the week by expectations of heavy Soviet chartering resulting from the granting of US export credits for grain. But the $1bn credit total announced on Thursday came as a disappointment and earlier gains were pared back.

Richard Mooney

APPOINTMENTS

Directors of British Invisibles

■ Mrs Alison Wright becomes director-general and joins the board of BRITISH INVISIBLES (BI) on January 1, succeeding Mr David Thomson who has retired. Mrs Wright is a director of the Commonwealth Development Corporation. The Earl of Limerick, chairman of Pirelli UK, and Sir Michael Palliser, deputy chairman of Midland Bank, remain chairman and deputy chairman respectively of BI. Newly appointed directors of BI are: Mr Peter Baring, chairman of Barings; Sir Hugh Bidwell, former Lord Mayor of London; Mr Andrew Buxton, vice chairman of Barclays Bank; Mr Alastair Clark, head of the Bank of England's financial markets and institutions division; Mr William Davis, chairman of the British Tourist Authority; Mr Brandon Gough, senior partner of Coopers & Lybrand Deloitte; Mr Murray Lawrence, chairman of Lloyd's of London; Mr Joe Palmer, chairman of the Association of British Insurers; Mr Andrew Hugh Smith, chairman of the International Stock Exchange; and Mr Saxon Tate, chairman of the Joint Exchanges Committee.

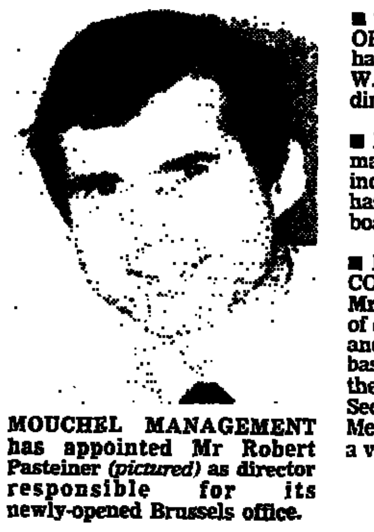
■ Following an acquisition in France earlier this year PLATON INTERNATIONAL has created two principal operating divisions. Mr Jean Claude Andre will be responsible for mainland Europe activities. Mr Alby Vigar will be responsible for the UK and the rest of the world, and for the group's principal factory in Basingstoke. Mr Robin Bromley-Martin will be joining the group as chief executive from January 1. He was managing director of Millicom Cellular (UK).

■ BARRY WEHMILLER INTERNATIONAL has promoted Mr Simon Lagoe to managing director of Aerofill. He was business development manager of Barry Wehmiller International.

■ Mr Peter Thorne has joined NIKKO SECURITIES (EUROPE) as equity strategist. He was head of European research at Citicorp Scrimgeour Vickers.

HERON INTERNATIONAL has appointed Mr Ian D.W. Robertson (*pictured*) as commercial director, European property division. He is a director of Heron Corporation, company secretary of the Heron Group companies, and formerly was group director of corporate finance, and legal adviser.

■ Sun Alliance Insurance Overseas has formed a Dutch life company, SUN ALLIANCE LEVENSVERZEKERING, based in Rotterdam, and appointed Mr C. de Reus as general manager.



MOUCHEL MANAGEMENT has appointed Mr Robert Pasteiner (*pictured*) as director responsible for its newly-opened Brussels office.

■ Mr Chris Price has been appointed a director of TOWER HILL SERVICES, computer services subsidiary of English & American Group.

■ CACI has appointed Mr Phil Durbin as director of marketing information services. He was managing director, MPSI Systems, Singapore. Mr Malcolm Porter becomes director of technical services.

■ Mr John Routledge, executive director of the NATIONAL ELECTRICAL DISTRIBUTORS ALLIANCE, retires on December 31, and becomes non-executive chairman.

■ C&K SYSTEMS, Kettering, has appointed Mr Graham Piggott, general manager of European operations, additionally as managing director of the UK company. Mr Barry Hames is promoted from accountant to financial director.

■ The UK OFFSHORE OPERATORS ASSOCIATION has appointed as president Mr W.S.H. Laidlaw, managing director of Amerada Hess.

■ Mr Roger Hatfield, managing director of the industrial coatings division, has been appointed to the board of EVODE GROUP.

■ ITT SHERATON CORPORATION has appointed Mr Alister Wilson as director of development, Europe, Africa and Middle East division, based in London. He joins from the hotel and leisure division, Security Pacific International Merchant Bank, where he was a vice president.

Sir Hugh Bidwell (*pictured*) has been appointed a non-executive director of ARGYLL GROUP. He was Lord Mayor of London 1989-90, and is a director of Allied-Lyons Eastern, Riggs AP Bank, and British Invisibles. His 30-year career in the food industry includes Robertson Foods, and Pearce Duff & Co.

FT MANAGED FUNDS SERVICE

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AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Do Accum	5¼	103 6	103 6	110.8	+0.9	2 82
UK Sel P'folio	5¼	86.40	86 40xd	92.40	+1.01	3 79
Do Accum	5¼	90.31	90 31xd	96.58	+1 06	3 79

Marlborough Managed Trust (1630)F
57 Victoria Square, Bolton, BL1 1LA 0204 364042

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Managed Tst	5	46 89	47.29	50.30	..	5 19

Martin Currie Unit Trusts Ltd (0905)H
48 Melville St, Edinburgh EH3 7HF Dlng 031-220 4924

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Far East (Pacific)(z)	5¼	79 65	79 65	84 55	-0.09	0.50
Income & Growth	5¼	52 56	52 56xd	55 79	+0.15	6 27
European (z)	5¼	51 84	52.04	55.24	+0.05	1 06
Nth American (z)	5¼	29 89	29 89	31.73	+0.07	1 65
Intl Growth(4-1)	5¼	51.50	52.65	55 89	+0.08	0 90
UK Growth	5¼	46 08	46.08xd	48.91	+0.22	3.54
Intl Income	5¼	42 93	43.46xd	46.13	+0.21	6 93
High Yield	5¼	41 01	41.57	44 12	+0.16	8 24
Charities	5¼	80.74	82 02xd	87 07	+0.36	7 02
Japan	5¼	34.74	34 74	36.87	-0 15	-

Matheson Unit Trust Managers Ltd (1200)H
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing: 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth (4-1)	6	59.35	59.35	63 48	+0.59	3 89
UK High Income	6	31.11	31 11	33.27	+0.32	6 07

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Olympiad Income	5¼	36 23	36.23xd	38 61	-0 05	4.96
UK Growth	5	60 70	61 60	65.75	+0 04	1.22

NFU Mutual Unit Mngrs Ltd (1400)F
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Assoc Equity	6	80.36	81.88	87.11	+0.61	4.34

NM Unit Trust Mngrs (1200)H
The Bilton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5¼	25.09	25.09xd	26 76	+0.10	1. 91
(Accum Units) ♥	5¼	27.01	27.01	28 81	+0 11	1.91
Australian ♥	5¼	133.70	133.80	143.50	-0.40	2.49
(Accum Units) ♥	5¼	152 30	152.30	163 40	-0 40	2 49
Conscience	5¼	42.47	43.40xd	46.31	+0.20	1 68
(Accum Units)	5¼	44.55	45.42	48.58	+0.21	1 68
European	5¼	134.20	134.20	143.10	-0.30	1.09
(Accum Units)	5¼	141 60	141 60	151 00	-0 30	1.09
Extra Income	5¼	57.55	57.55	61.41	+0.37	9.95
(Accum Units)	5¼	76 77	76 77	81.93	+0.50	9.95
Far East Gth Acc ♥	5¼	96 97	96 97	103 60	-0 70	0.30
Gilt & F I.	5¼	51.28	51.28	54.27	+0.10	9.23
(Accum Units)	5¼	104 30	104.30	110.30	+0.20	9 23

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point, a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

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TSB Unit Trusts (1200)H

Charlton Pl, Andover, Hants. SP10 1RE 0264 346794

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	106.28	107.81	113.83	+0.45	0.74
Do Accum	6	116.17	116.97	124.43	+0.5	0.74
TSB Brit Growth	6	64.72	65.64	69.82	+0.77	3.92
Do Accum	6	71.55	72.56	77.19	+0.85	3.92
TSB European	6	67.23	67.65	71.96	-0.11	1.21
Do Accum	6	69.67	70.11	74.58	-0.11	1.21
TSB Extra Income	6	141.09	144.23	153.43	+0.76	6.07
Do Accum	6	199.54	203.99	217.0	+1.07	6.07
TSB Smaller Cos	6	38.02	39.72	42.25	+0.04	3.25
Do Accum	6	39.87	41.65	44.3	+0.05	3.25
TSB General	6	199.24	199.24	211.95	+2.11	4.18
Do Accum	6	365.27	365.27	388.58	+3.80	4.18
TSB Premier Income	5	41.68	42.34	44.1	+0.12	9.38
Do Accum	5	73.28	74.44	77.54	+0.2	9.38
TSB Income	6	261.27	266.48	283.45	+2.76	5.62
Do Accum	6	485.72	495.39	526.96	+5.12	5.62
TSB Pacific	6	193.41	197.13	209.71	+0.25	0.32
Do Accum	6	201.25	205.11	218.2	+0.26	0.32
TSB International	6	331.12	331.12	352.25	+0.77	1.57
Do Accum	6	424.73	424.73	451.84	+0.99	1.57
TSB Nat Resources	6	53.12	54.34	57.8	+1	1.32
Do Accum	6	57.62	58.94	62.7	+1.1	1.32
TSB Yield Opps	6	69.48	71.13	75.66	+0.35	3.81
Do Accum	6	82.92	84.9	90.31	+0.42	3.81
Environmental Inv	6	40.61	41.33	43.96	+0.30	2.68
Do Accum	6	41.54	42.28	44.97	+0.31	2.68
TSB Selector	6	42.18	42.9	45.63	+0.33	4.63
Do Accum	6	43.47	44.2	47.02	+0.34	4.63
TSB High Income	6	45.54	46.12	49.06	+0.39	6.42
Do Accum	6	45.54	46.12	49.06	+0.39	6.42
TSB Intl Income	6	47.35	47.52	50.55	+0.11	7.02
Do Accum	6	47.35	47.52	50.55	+0.11	7.02
TSB Selector Income	6	45.11	45.6	48.51	+0.27	6.8
Do Accum	6	45.11	45.6	48.51	+0.27	6.8

Target Trust Mngrs Ltd (1600)F

Target Hse, Gatehouse Rd, Aylesbury, Bucks.
Admin: 0296 394000 Dealing: 0296 5?2156

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Eagle	5	60.31	60.31	64.35	-0.54	1.20
Australia	5	5.162	5.162	5.525	-0.06	4.83
Equity	5	141.5	141.5	151.9		5.06
Euro Spec Sits	5	97.93	97.93	105.2	-0.6	0.66
Financial	5	25.29	26.29	27.??	+0.13	3.??

M & G Securities Ltd

	Bid Price	Offer Price	+ or -	Yield Gr's
Charifund	99.2	99.2xd	+0.1	10.89
(Accum Units)	525.6	525.6	+0.3	10.89
NAACIF Dec 5	—	40.2xd	—	9.90

MIM Ltd

Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gr's
Intl Mngd P'Folio	977.0	1055.0	—	—
Mngd Pens (Acc)	57.3	62.1	—	—

Morgan Grenfell Unit Trust Managers Ltd

Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gr's
UK Equity † Dec 11	113.4	121.5	—	3.16
UK Small Co † Dec 11	435.2	475.9	—	2.34
Fixed Interest † Dec 11	100.9	106.1	—	8.33
US Small Co Dec 11	104.5	111.6	—	0.00
Managed Dec 11	96.9	103.1	—	2.54
Intl Bond Dec 11	106.6	112.5	—	8.10
Japan Dec 11	63.03	67.40	—	1.01
European Dec 11	80.55	86.11	—	1.70
Nth American Dec 11	80.03	85.92	—	1.62

Murray Johnstone UT Mngmt

Murray Exempt Funds

	Bid Price	Offer Price	+ or -	Yield Gr's
Amer Expt Dec 12	39.6	41.1	—	2.62
Euro Expt Dec 12	49.0	50.3	—	3.40
Fixed Int Ex Dec 12	44.1	45.3xd	—	11.33
Japan Expt Dec 12	40.0	41.7xd	—	0.74
Managed Ex Dec 12	38.5	39.8	—	3.16
SE Asia Expt Dec 12	56.3	59.1	—	6.73
Sm Cos Expt Dec 12	28.3	29.7xd	—	6.10
UK Eqty Ex Dec 12	36.1	37.9	—	4.33

Phillips & Drew Fund Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gr's
Small Co's Dec 5	592.43	634.6	—	5.78
Do Accum	659.2	705.8	—	5.78
Int Expt Dec 12	149.80	151.90	—	3.0
UK Index Dec 10	994.0	1019	—	6.07
Do Accum	1056	1076	—	6.07
Convertible Dec 7	81.08	83.69	—	8.73
World ex UK Index Dec 10	658.6	667.5	—	3.05
Do Accum	658.6	667.5	—	3.05
Japan Index Dec 10	523.4	531.1	—	0.58
Do Accum	524.4	532.0	—	0.58

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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N & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or -	Yield Gross
Life Managed Fd	91.7	96.6	+0.7	-
Pension Managed Fd	88.0	92.6	+0.6	-
Life Deposit Fd	102.8	108.2		-
Pension Deposit Fd	106.1	111.7	+0.1	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Managed Cautionary	99.1	104.4	...	-
Managed Growth	123.3	129.8	...	-
Managed Opportunity	119.2	125.5	...	-
NFMC Target Financial	88.5	93.2	...	-
Pension Funds				
Managed Cautionary	104.6	110.2	...	-
Managed Growth	124.4	131	...	-
Managed Opportunity	117.8	124.1	...	-
NFMC Target Magd Pens	134.8	141.9	...	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or -	Yield Gross
Harvester Pension Funds				
Managed	141.7	149.2	...	-
UK Equity	146.7	154.5	...	-
Overseas Equity	113.9	119.9	...	-
Fixed Interest	135.2	142.4	...	-
Property	127.1	133.8	...	-
Index Linked	144.4	152.1	...	-
Deposit	147.3	155.1	...	-
With Profits (B)	123.8	130.3	...	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or -	Yield Gross
Managed	311.4	327.8	+1.5	-
UK Equity	391.1	411.7	+3.4	-
Overseas Eq	293.5	309.0	+0.1	-
Americas	218.6	230.2	+1.1	-
Far East	303.6	319.6	-1.5	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Property Equity & Life Ass. Co
Baxter Ave, Southend SS2 6QH 0702 333433

	Bid Price	Offer Price	+ or -	Yield Gross
Int Man Pension Fd	149.1	156.9	...	-
Int Man Crncy Bd Fd		143.8	...	-
Int Man Crncy Bd Fd(d)		130.4	...	-
Flexible Prop. Bd. Fd		201.3	...	-
Flexible Money Bd Fd		366.3	...	-
Special Man. Inc. Fd		133.5	...	-

Prosperity Life Assurance Ltd
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 690555

	Bid Price	Offer Price	+ or -	Yield Gross
Initial Equity	138.0	146.0	+1.5	-
Accum Equity	194.0	205.0	+1.5	-
Accum Managed	199.5	211.0	+1.0	-
Accum Five Star	150.5	159.0	...	-
Accum World	107.5	114.0	+0.5	-
Accum Lifetime	101.8	101.8	+0.4	-
Pens Acc Equity	203.0	214.5	+2.5	-
Pens Acc Managed	236.5	249.5	+1.5	-
Pens Acc Intl	171.5	181.0	...	-
Pens Acc Deposit	187.5	198.0	...	-
Pens Acc Five Star	159.5	168.5	+0.5	-

Providence Capital Life Assc. Co Ltd
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Acc	198.8	209.8	+2.2	-
UK Fixed Int Acc	164.6	173.7	+0.1	-
Intl Equities Acc	151.3	159.7	-0.2	-
UK Managed Acc	157.3	165.9	+0.7	-
Property Acc	235.8	248.8	...	-
Money Acc	123.6	130.4	...	-
Special Market Acc	117.5	124.0	+0.6	-
Japan Equity Acc	91.6	96.7	-0.8	-
North American Acc	83.3	87.9	+0.1	-
Pacific Acc	75.4	79.6	...	-
Technology Acc	98.6	104.1	...	-
Nat Resources Acc	50.1	52.9	-0.4	-

Royal Heritage Life Assurance Ltd
20 Clifton St, EC2A 4HX

	Bid Price
Multi Gerth	
Multi Gerth "A"	454.2
Op Prop	364.2
Op Equity	629.8
Op High Yld	388.5
Op Man	489.6
Op Dep	315.9
Op Inc Dist	172.0
Op Int Man	257.1
Op Emerging Co's	233.3
Pension Funds	
Property Ser B	715.6
Equity Ser B	1733.0
Fixed Interest Ser B	697.3
Managed Ser B	902.7
Deposit Ser B	631.5
Property Ser D	183.5
Equity Ser D	117.1
Fixed Interest Ser D	172.7
Managed Ser D	115.3
Deposit Ser D	187.1
Beckman Pension Fund	120.0
Suffolk Cap. Pen. Fd	95.0
IMC Pen SB Ser B	95.0
Pension Unit Trust Funds	
Gartmore Global Ser B	135.1
Gartmore NA Ser B	71.9
Gartmore Pacific Ser B	208.2
Henderson Acc Ser B	160.0
Perpetual Mng Ser B	161.7
Framlington Mn Ser B	144.4
Gartmore Magd Ser B	175.5
Gartmore Euro Ser B	139.9
Gartmore Global Ser D	85.6
Gartmore NA Ser D	81.5
Gartmore Pacific Ser D	110.3
Henderson Acc Ser D	119.3
Perpetual Mng Ser D	119.1
Framlington Mn Ser D	116.3
Gartmore Magd Ser D	145.5
Gartmore Euro Ser D	107.9
Knightsbridge CRS Pen	94.2
Ark Euro Pen	162.8

Norwich Union Asset Management Ltd

Norwich Union Insurance Soc.

Pearl Assurance (Unit Funds) Ltd

Pegasus Assurance Ltd

Pioneer Mutual Insurance Co Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd

Prolific Life & Pensions Ltd

Provident Life Assoc Ltd

Provident Mutual Life Ass. Assn.

Prudential Assurance Co

Prudential Holborn Life Ltd

Prudential Holborn Pensions Ltd

Prudential Pensions Limited

Regency Life Assurance Co Ltd

Reliance Mutual

Royal Life Insurance Ltd

Royal Liver Assurance

Save & Prosper Group

Scottish Amicable

Scottish Equitable Life Assce. Soc.

Scottish Life Investments

Scottish Mutual Assurance Society

Scottish Mutual Investments

Scottish Provident Institution

Scottish Widows' Group

Shield Assurance Ltd

Skandia Life Assurance Co Ltd

Standard Life Assurance Company

Sun Alliance Group

Sun Life of Canada (UK) Ltd

Sun Life of Canada - Contd.

Sun Life Unit Assurance Ltd

Swiss Life (UK) PLC

TSB Life Ltd

Target Life Assurance Co Ltd

Teachers' Assurance Company Ltd

Templeton Life Assurance Limited

Tunbridge Wells Equitable

Wesleyan Assurance Society

Windsor Life Assur Co Ltd

Woolwich Life Assurance Co Ltd

Zurich Life Assurance Co Ltd

OFFSHORE INSURANCES

AEtna Intl Assurance (Bermuda) Ltd

Albany International Assurance Ltd

CMI Insurance Co Ltd

Eagle Star Intl Financial Services

Equity & Law Intl Life Assce Co Ltd

Excelsior Assurance Group

Fidelity International Ltd

Hansard International Ltd

Isle of Man Assurance Ltd

NEL Britannia International Ltd

NM Life Assurance Int Ltd

Premium Life International Ltd

Providence Capital International Ltd

Royal Life Intl. Ltd

Royal Skandia Life Assurance Ltd

Sun Alliance International Life

Target International Group

MANAGEMENT SERVICES

David M. Aaron (Personal Fin. Plan.) Ltd

The Analysis Group PLC

Bryan Walls & Partners Ltd

Cameron Law & Company Ltd

James Campbell & Son Financial Services

Chase de Vere PLC

Drummond Moores Plc

Edinburgh Money Management Ltd

Fairmount Glen Reis Ltd

Garbrave Fund Managers Ltd

Johnson Fry Financial Services Ltd

Knight Williams & Company Ltd

Macarthy & Dewis F.S. Ltd

Northam Biggs & Partners

PBR Fund Management Ltd

Pendleton May Financial Services Ltd

Roxborough Financial Management Ltd

Rutland Inv Mgt & Inv Grp

Sharp (Albert E) & Co.

Sitala Fund Managers Limited

South Yorks Investment Management

Tattersall Investment Mngt. Ltd

Towry Law & Co

J. D. Ward Financial Services Ltd

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Orion Fund Limited

CANADA (SIB RECOGNISED)

Ivory & Sime Pembroke Inc

GUERNSEY (SIB RECOGNISED)

Adams & Neville Fd Mngt (Guernsey) Ltd

BBV-Hambros Asset Mngmt (Guernsey) Ltd

Baring Intl Fd Managers (Guernsey) Ltd

Guinness Flight Fd Mngrs (Guernsey) Ltd

Hambros Fd Mgrs (CI) Ltd

Kleinwort Benson Intl Fd Mngrs Ltd

Lazard Fund Mngrs (Channel Islands) Ltd

Lion World Fixed Income Fund

Lloyds Intl Money Market Fund Ltd

M & G (Guernsey) Ltd

Prolific International Mngmt Ltd

Royal Bank of Canada Funds

Schroder Magnet Services (Guernsey) Ltd

GUERNSEY (REGULATED)

Adams & Neville Fund Mngt (Guernsey) Ltd

Arab Bank Fund Managers (Guernsey) Ltd

Bachmann Global Investment Fund Ltd

Baring Intl Fund Managers (Guernsey) Ltd

Dartmoor Management (Guernsey) Ltd

Fleming Fund Mgrs (Guernsey) Ltd

Henderson Admin (Guernsey)

Hill Samuel Fd Mngrs (Guernsey) Ltd

Kleinwort Benson Islamic Fd Mngt Ltd

Lazard Fund Managers (CI) Ltd

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	Bid Price	Offer Price	+ or -	Yield Gross
M & G (Guernsey) Ltd				
Island Gold	1454.2	1547.0	-9.8	1.34
(Accum. Units)	2634.7	2802.9	-17.7	1.34
Merrill Lynch Guernsey				
Bangkok NAV Dec 12	$63.96			-
Boris Portfolio NAV	$10.08		+0.06	-
NM Financial Mgmt Intl Ltd				
Mngd Currency (Setp)	£-	-		-
Intl Portfolio Selection Fund Ltd (Suspended)				
Conscience	£-	-		-
Far East Gwth	$-	-		-
Smaller Co's	£-	-		-
Special Sits	£-	-		-
Intl Bond	$-	-		-
American Fund	$-	-		-
American Smaller Cos	$-	-		-
Australian Fund	£-	-		-
British Fund	£-	-		-
European Fund	£-	-		-
Gold Fund	£-	-		-
Hong Kong Fund	£-	-		-
International Fund	£-	-		-
Japanese Fund	£-	-		-
Japan Smaller Cos	£-	-		-
Singapore & Malaysian	£-	-		-
Dollar Fixed Interest	$-	-		-
Sterling Fixed Int	£-	-		-
Deutschmark Currency	DM-	-		-
Dollar Currency	$-	-		-
Sterling Currency	£-	-		-
Yen Currency	¥-	-		-
Managed Currency	£-	-		-
Nikko Capital Mngt (Europe) Ltd				
Japan Index Fund	Y2.779	2.767		-
New Generation Fd S	$21.64	21.87		-
Japan Index Alpha	Y7.634	7.748		-
Jap Sector Rotation	Y6.746	6.845		-
Jap Cap Gwth CB	[illegible]	[illegible]		-
Prudential Intl Financial Services Ltd				
Holborn Currency Fund				
Managed Sterling	129.6	130.0		10.80
Managed Dollar	$14.25	14.30	-0.01	7.59
Sterling Deposit	100.0	100.0		10.37
Dollar Deposit	$10.00	10.00		-
DM Deposit	DM50.50	50.69		6.18
SwFr Deposit	SFr50.00	50.00		
J. Yen Deposit	Y5,041	5,060		5.30
Save & Prosper International (Guernsey) Ltd				
Intl Bond	$10.34	10.32		-
Intl Dollar	$10.27	10.26		-
Intl Equity	$10.56	10.92		-

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Hill Samuel Fund Mgrs (Jsy) Ltd (1000)F						
PO Box 63, Bond Street, St. Helier, Jersey 0534 76029						
Stlg Fixed Int	5½	£1.124	1.124	1.193	[illegible]	9.90
Offshore High Yield	5½	£1.447	1.447	1.506		14.44
Global Equity Fund	5½	$13.56	13.63	14.58	-0.01	1.32
European Equity	5½	[illegible]	16.67	17.85	+0.06	1.34
UK Growth (£) Fund	5½	£4.158	4.158	4.447	[illegible]	5.69
Nth American Eqty	5½	$8.828	8.828	9.401	[illegible]	1.32
Far Eastern Eqty	5½	$8.947	9.035	9.663	[illegible]	1.58
Intnl. Bond Fund						
Sterling Managed	5½	£10.26	10.26	10.94	+0.01	8.72
US Dollar Managed	5½	$13.65	13.65	14.56		7.42
International Currency Fund						
Sterling Managed ‡	5½	£24.68	24.68	26.12		-
US Dollar Managed ‡	5½	$28.91	28.91	30.59		-
Sterling ♦‡	0	£23.65	23.65	23.65		13.41
US Dollar ♦‡	0	$37.08	37.08	37.08	+0.01	6.51
Deutschmark ♦‡	0	[illegible]	58.06	58.06	+0.01	7.23
Japanese Yen ♦‡	0	Y4 721	4,721	4,721	+1	6.47
Swiss Franc ♦‡	0	SFr45.36	45.36	45.36		6.84
Irish Punts ♦‡	0	I£21.49	21.49	21.49		7.63
Lloyds Bank (CI) U/T Mgrs.						
PO Box 195, St Helier, Jersey 0534 27561						
Lloyds Tst. Gilt	2½	9.385	9.385	9.630	[illegible]	11.63
Dealing daily						
Midland Bank Fund Managers (Jersey) Ltd						
PO Box 26, St Helier, Jersey 0534 37788						
Intl Circuit Portfolio	6	89.03	89.03	94.45	+0.29	0.00
Gilt	3	91.99	91.99	94.84	+0.37	12.65
MIM Britannia International (Jersey) Ltd						
PO Box 271, St Helier, Jersey 0534 73114						
Jersey Gilt (2)	5½	[illegible]	0.1664	0.1760	[illegible]	9.09
Royal Trust Jsy Fd Mngt Ltd (1400)F						
PO Box 428, St Helier, Jersey 0534 76077						
Govt Secs Fd	4	54.85	54.85	57.30	-0.23	11.34
TSB Trust Funds (CI)						
PO Box 538, St Helier, Jersey 0534 73494						
TSB Offshore Investment Fund Ltd						
Stg Deposit Class	3	104.26	104.26	107.39	+0.04	13.50
Gilt & Fixed Interest	3	102.96	102.96	106.05	+2.14	11.65
Blue Chip & Gilt Edged	5	44.73	44.73	47.46	+0.25	6.11
International Bond	5	101.68	101.68	106.76	+2.25	7.92
UK Equity	5	83.06	83.06	89.70	+0.47	1.62
International Equity	5	83.66	83.66	89.44	+0.56	0.65
Far Eastern	5	75.56	75.56	80.66	-0.13	0.00
European	5	70.16	70.16	74.29	-0.97	0.42
Pan American	5	81.24	81.24	86.26	+0.76	0.79
TSB Gilt Fund Ltd						
Quarterly Share	3	96.49	96.49	99.53	+0.32	11.05
Monthly Share	3	94.39	94.39	97.35	+0.11	11.30

IRELAND (SIB RECOGNISED)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

INDICES

NEW YORK

DOW JONES	Dec. 13	Dec. 12	Dec. 11	Dec. 10	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	2614.36	2622.28	2586.14	2596.78	2999.75 (16/7)	2365.10 (11/10)	2999.75 (16/7/90)	41.22 (2/7/32)
Home Bonds	91.25	91.12	91.10	91.06	93.04 (3/1)	88.44 (24/9)	—	—
Transport	916.79	915.29	905.17	909.67	1212.77 (6/6)	821.93 (17/10)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	209.32	210.32	209.07	210.45	236.23 (2/1)	190.96 (24/8)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 2640.59 (2630.69) Low 2598.76 (2578.22)

STANDARD AND POOR'S	Dec. 13	Dec. 12	Dec. 11	Dec. 10	1990 HIGH	1990 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	329.34	330.19	326.42	328.89	368.95 (16/7)	295.46 (11/10)	368.95 (16/7/90)	4.40 (1/6/32)
Industrials	385.42	386.28	381.98	384.88	437.37 (16/7)	346.86 (11/10)	437.37 (16/7/90)	3.62 (21/6/32)
Financial	23.51	23.66	23.32	23.55	31.87 (3/1)	18.80 (29/10)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	180.06	180.25	178.42	179.58	201.13 (16/7)	162.20 (11/10)	201.13 (16/7/90)	4.46 (25/4/42)
Amex Mkt. Value	306.71	307.71	306.11	306.61	382.45 (5/1)	288.07 (30/10)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	371.50	370.42	367.99	371.47	469.60 (16/7)	325.44 (16/10)	485.73 (9/10/89)	54.87 (31/10/72)

	Dec. 7	Nov 30	Nov.23	year ago (approx.)
Dow Industrial Div. Yield	3.98	4.01	4.06	3.90

	Dec. 12	Dec. 5	Nov.28	year ago (approx.)
S & P Industrial div. yield	3.31	3.31	3.42	2.92
S & P Indl. P/E ratio	15.89	15.89	15.37	14.82

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
AT & T	2,290,600	31	+ ⅛
Vista Chem	2,071,700	53¼	+ 28¼
Gen. Motors	2,016,300	34¼	- 1
Toys R US	1,841,500	23½	- 1⅛
Philip Morris	1,841,300	51¼	- ⅛
Motorola	1,745,700	50½	- 2
Ford Motor	1,678,600	25¼	- ½
GTE Corp.	1,569,200	30⅝	+ ½
Hilton	1,564,700	39⅞	- 2¼
Citicorp	1,529,600	14	- ½

TRADING ACTIVITY

† Volume (Millions)	Dec. 13	Dec. 12	Dec. 11
New York	162.110	182.270	145.330
Amex	10.912	10.856	10.592
NASDAQ	122.018	122.296	128.699
Issues Traded	2,027	2,035	2,024
Rises	782	957	564
Falls	750	589	981
Unchanged	495	489	479
New Highs	30	34	20
New Lows	42	50	50

CANADA

TORONTO	Dec. 13	Dec. 12	Dec. 11	Dec. 10	1990 HIGH	1990 LOW
Metals & Minerals	2782.90	2803.41	2766.69	2754.03	3453.05 (4/1)	2486.60 (8/11)
Composite	3252.56	3252.54	3239.25	3236.85	4009.47 (3/1)	3009.91 (16/10)
MONTREAL Portfolio	1743.01	1743.79	1731.63	1731.23	2060.90 (3/1)	1607.24 (16/10)

Base values of all indices are 100 except NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Dec. 14	Dec. 13	Dec. 12	Dec. 11	1990 HIGH	1990 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1310.0	1319.7	1323.6	1321.6	1713.7 (12/1)	1291.2 (2/11)
All Mining (1/1/80)	600.2	607.5	609.6	610.9	860.8 (5/1)	600.2 (14/12)
AUSTRIA						
Credit Aktien (30/12/84)	475.54	477.77	473.63	477.08	703.29 (19/3)	400.98 (25/9)
BELGIUM						
Brussels SE (Cash Mkt) (1/1/80)	5082.37	5120.68	5108.98	5139.01	6599.43 (12/1)	4959.99 (25/9)
DENMARK						
Copenhagen SE (3/1/83)	325.03	322.90	321.95	323.42	388.29 (20/7)	321.95 (12/12)
FINLAND						
Unitas General (1975)	399.6	400.7	407.2	411.3	677.3 (23/1)	398.9 (24/10)
FRANCE						
CAC General (31/12/82)	435.36	442.88	441.20	442.46	564.62 (30/5)	410.18 (26/9)
CAC 40 (31/12/87)	1635.52	1659.40	1667.85	1665.54	2129.32 (20/4)	1485.39 (25/9)
GERMANY						
FAZ Aktien (31/12/58)	649.88	655.21	651.24	641.21	832.32 (19/7)	569.69 (28/9)
Commerzbank (1/12/53)	1845.5	1863.7	1854.1	1821.9	2414.0 (3/4)	1628.7 (28/9)
DAX (30/12/87)	1522.40	1517.80	1517.24	1492.68	1968.55 (30/3)	1334.89 (28/9)
HONG KONG						
Hang Seng Bank (31/7/64)	3125.69	3150.12	3160.79	3144.62	3559.89 (23/7)	2738.24 (1/2)
IRELAND						
ISEQ Overall (4/1/88)	1261.17	1259.24	1249.79	1235.84	1893.18 (22/1)	1193.66 (5/12)
ITALY						
Banca Com. Ital. (1972)	550.98	547.28	533.81	533.79	763.52 (14/6)	500.67 (29/11)
JAPAN						
Nikkei (16/5/49)	24349.50	24642.97	23999.41	23956.97	38712.88 (4/1)	20221.86 (1/10)
Tokyo SE (Topix) (4/1/68)	1800.32	1813.98	1779.50	1771.63	2867.70 (4/1)	1523.43 (1/10)
2nd Section (4/1/68)	2885.63	2888.31	2877.07	2876.16	4477.16 (16/7)	2763.32 (5/12)
MALAYSIA						
KLSE Composite (4/4/86)	508.11	505.43	499.02	500.52	632.22 (1/8)	459.08 (28/9)
NETHERLANDS						
CBS Tll.Rtn.Gen (End 1983)	230.6	230.1	228.8	229.3	271.9 (20/7)	225.6 (8/11)
CBS All Shr (End 1983)	169.0	168.6	167.7	168.1	206.3 (3/1)	165.6 (8/11)
NORWAY						
Oslo SE (Ind) (2/1/83)	675.65	671.13	660.13	668.96	915.13 (2/8)	653.46 (21/11)
PHILIPPINES						
Manila Comp (2/1/85)	690.25	687.87	675.98	664.29	1160.70 (21/3)	514.80 (5/10)
SINGAPORE						
SES All-Singapore (2/4/75)	328.36	329.40	326.86	325.81	446.87 (16/7)	301.45 (11/10)
SOUTH AFRICA						
JSE Gold (28/9/78)	1124.04	1141.0	1168.0	1190.0	2230.0 (16/1)	1124.0 (14/12)
JSE Industrial (28/9/78)	2988.04	2995.0	3006.0	2994.0	3211.0 (6/2)	2640.0 (1/10)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	710.06	712.82	724.51	725.56	928.82 (4/1)	566.27 (17/9)
SPAIN						
Madrid SE (30/12/85)	238.23	241.20	241.17	240.13	309.74 (16/7)	209.37 (28/9)
SWEDEN						
Affärsvärlden Gen. (1/2/37)	897.4	902.3	898.0	905.5	1329.9 (5/7)	815.6 (27/11)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	648.3	649.7	648.8	644.1	845.5 (13/7)	613.4 (28/9)
SBC General (1/4/87)	534.0	535.3	535.1	532.3	698.2 (13/7)	510.4 (26/11)
TAIWAN**						
Weighted Price (30/6/66)	4304.31	4372.38	4335.26	4593.72	12495.34 (10/2)	2560.47 (1/10)
THAILAND						
Bangkok SET (30/4/75)	649.58	644.10	640.28	661.88	1143.78 (25/7)	544.30 (30/11)
WORLD						
M.S. Capital Intl.(1/1/70) (δ)	473.5*	478.3	475.0	473.2	571.0 (4/1)	423.1 (28/9)

**Saturday December 8: Taiwan Weighted Price: 4745.46 Korea Comp Ex. 733.73
δ Subject to official recalculation. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: Brussels SE, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow falls on poor data and renewed Gulf fears

Wall Street

A COMBINATION of gloomy economic statistics and fears that US-Iraq peace talks may not get off the ground pushed equities lower across the board yesterday morning, *writes Patrick Harverson in New York.*

At 1.30 pm the Dow Jones Industrial Average was down 28.47 to 2,585.89 on moderate turnover. The more broadly-based Standard & Poor's 500 was also lower, falling 3.74 to 325.60 by 1 pm, while the Nasdaq over the counter composite index dropped 4.13 to 367.37.

Bond prices were also noticeably weaker yesterday. At midday the the benchmark 30-year Treasury issue had fallen a full point to 105¾, to yield 8.203 per cent, while the two-year bond dropped ⅜ to 100⅛, yielding 7.319 per cent.

Yesterday's statistics on the economy which triggered a round of selling were both worse than the market had been expecting. In November industrial production fell 1.7 per cent, the steepest monthly decline since January 1982, while producer prices rose 0.5 per cent. Although analysts believe that the figures will hasten an easing of monetary policy by the Federal Reserve - a cut in the discount rate is predicted soon - the extent of the economic downturn continues to surprise markets.

On the Gulf front, comments from two US senators suggesting that President Bush may cancel peace talks with Iraq because of a failure to set a date for negotiations unnerved investors and added to the downward pressure on shares.

Trading in Chrysler was suspended just after 1 pm when the shares were at $11⅞, down $⅜ from the opening, in time for an announcement that Mr Kirk Kerkorian, the West Coast hotel and casino mogul, had bought 9 per cent of Chrysler stock.

A rare stock improvement against the trend was seen in Xoma. Shares in the pharmaceutical group rose $1⅛ to $20 on exceptional turnover of over ½m following a strong recommendation from an analyst at Shearson Lehman. The stock's potential was highlighted by the analyst because of the Federal Drug Administration's recent favourable review of a drug manufactured by Immunex which treats bone marrow failure. Xoma has an antibody product of its own for use in bone marrow transplants, and the Shearson analyst believes that it will soon recieve a similar recommendation from the FDA. Immunex, which rose sharply after the FDA review earlier this week, yesterday fell back $1⅞ to $36⅞.

Motorola fell $1 to $49 in brisk trading after it was revealed that the company had lost out to AT&T for a $600m contract to supply GTE with cellular communications equipment. AT&T meanwhile, fell $⅜ to $30⅜ on turnover of 700,000 shares following the rejection of its $90-a-share offer by the board of NCR, the computer group. NCR fell $1⅞ to $88⅞.

Canada

TORONTO stocks dropped in midday trade after two US senators said that President Bush was prepared to give up on trying to arrange talks with Iraqi leader Saddam Hussein. The composite index fell 15.9 to 3,236.7 on volume of 11.68m shares. Declines led advances by 222 to 201.

Tokyo waits for the institutions to return

Emiko Terazono ponders the squeeze on liquidity which has affected the stock market

TODAY'S QUESTION in Kabutocho, Tokyo's financial district, is whether the Tokyo stock market has finally bottomed out after a tumble of 40 per cent this year and, if so, when it will start to recover.

A key trend to watch is the flow of funds. It was excessive liquidity which drove the Nikkei up to dizzying heights in the late 1980s and it is a squeeze on liquidity which has brought it down, market analysts believe.

One of the most striking characteristics of the Tokyo stock market this year has been the drying up of trading volume, in particular from institutional investors.

In November, 1989, the daily average trading volume was 970m shares; this November, the daily average had fallen to 313m shares, the lowest level since January 1986.

One of the reasons why institutional investors have moved out of equities is that their own cash inflow is drying up. For example, investment trusts have been suffering net outflows since March. This is because individuals have been taking their savings to the banks where interest rates are more attractive, thanks in part to deregulation.

Similarly, life and casualty insurers, which a year ago were enjoying huge demand for their high yielding savings-related policies, are now finding that competition for savings from banks and other institutions is much tougher.

Meanwhile, the insurers are feeling a strong rise in demand for loans from industrial companies which have big capital spending programmes. Many companies have found they can no longer raise money in the equity markets; nor, it transpires, can they borrow from banks, which are cutting back their lending as part of their efforts to meet the Bank for International Settlements (BIS) risk asset-ratio requirements.

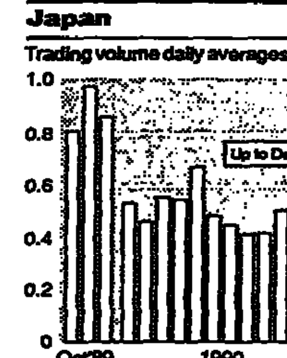
Hopes for an easing of the squeeze on funds available for the equity market must lie in the prospects for the two primary sources of liquidity, corporate earnings and personal savings, brokers Smith New Court say in a recent survey of Japanese institutional liquidity trends. They note that corporate earnings have been rising rapidly since 1987 but have been outstripped by investment spending.

"Looking ahead, we can expect a reversal in this trend as capital spending plans are reined in," say the brokers. "However, in the next six months, the squeeze on corporate funds will become more intense. Earnings are coming under pressure from both higher unit labour costs and interest charges while companies remain reluctant to cut investment dramatically."

On the other hand, personal saving rate growth is still over 10 per cent a year, and the supply of personal savings available for portfolio investment should increase as housing investment appears to be peaking out. "Nevertheless," Smith New Court maintain, "we doubt that equity-linked investment instruments will attract their share of household savings while deposit rates are still high."

Japan

Trading volume daily averages (bn)



Source: Yamaichi Research Institute

Mr Kazuhiro Yamashita, general manager of investment services for financial institutions at Daiwa Securities disagrees. He says that institutional liquidity is not flowing out of equities; it is that fresh liquidity is just not flowing in. He blames the Gulf crisis for this and thinks that a resolution of the Middle East situation will transform the pattern of inflows to the Tokyo equity market. "It will make a great difference to institutional investment," he says.

Mr Yamashita points out, however, that while an easing of domestic interest rates would help to divert investors such as pension funds away from fixed-rate instruments, companies whose profits were eroded by the previous falls in the stock markets will not be seen jumping right back into equities. "Although we believe that short term interest rates have peaked, we cannot be optimistic until April next year," he added.

Mr Jesper Koll, chief economist at S.G. Warburg Securities in Tokyo, is sceptical of institutional liquidity returning to equities next year. He stresses that analysts tend to overlook the effect of personal investment trends on institutional activity. He adds that roughly Y135,000bn or 15 per cent of all personal savings was invested into the stock market last year either directly, or through investment trusts. He predicts that this amount will decline by Y17,600bn this year and Y3,000bn in 1991.

"Deregulation has diversified the household sector's choice of investment and a further increase in choices is expected, squeezing the inflow of funds into institutions even if interest rates start to ease," he says.

Mr Andrew Ballingal at Barclays de Zoete Wedd puts a figure on his pessimism, saying that the market may be heading to a level of 20,000 or lower next year. "Declining credit extension due to lack of new collateral will depress liquidity," he maintains. "Japanese lending was always backed by collateral of real estate and equity; but the fall in prices for both of these factors has damaged the demand-supply balance of liquidity, especially in the corporate sector."

Yet there are optimists about the flow of funds, among them Mr Tatsuo Kurokawa, deputy general manager at the investment research department of Nomura Securities. "The market is turning up from its lows in October, and this means that corporate profits which plummeted due to low equity prices will improve," he says.

The peaking of short term interest rates should help the market. "This has been an abnormal year," he says, "with a number of external factors damaging equities; but with the Iraq situation possibly under control and interest rates easier, we look to the market improving to 27,000 at the beginning of next year."

EUROPE

Bourses end tepid week mostly on a downtrend

BOURSES ended a tepid week on the downtrend, the FT-SE Eurotrack 100 extending its fall yesterday to 987.63, down 8.58 after hours in line with an uncomfortable hour on Wall Street, *writes Our Markets Staff.*

FRANKFURT performed comparatively well. A 4.67 rise to 659.88 in the FAZ index at midsession was followed by a 4.60 gain to 1,522.40 in the DAX at the close. Volume eased from DM6bn to DM5bn on the day, and gains on the week were 1.6 and 0.6 per cent respectively.

A strategist at Morgan Stanley said that this market had latent value which is beginning to be recognised again, *but that Frankfurt was a market which* liked order in international affairs; this week it had been made uneasy by disarray, in the Soviet economy and at the GATT international trade talks.

At corporate level, Volkswagen rose DM10 to DM371.50; prospective earnings downgradings by a number of analysts seem to have been digested and, on balance, the market liked this week's news that VW had won the bidding contest to acquire a stake in the Czech carmaker, Skoda.

MILAN ended below the day's highs as early buying interest ran out of steam. Volume was estimated at below Thursday's L170bn. The Comit index rose 3.62 to 550.90, up 1.1 per cent on the week.

One analyst said the rise was purely technical – that domestic fund managers had forced up share prices by placing buy orders in a thin market to improve the year-end valuation of their portfolios.

Furthermore the central bank's tightening of money market rates and an official statement ruling out a devaluation of the lira raised fears that interest rates could rise further. Among blue chips, Montedison rose L30 to L1,500 while Fiat added L122 to L6,050.

Trading in Acqua Marcia, a real estate and construction holding company, and its subsidiary Bastogi was suspended after confirmation that Acqua Marcia was in talks to sell part of its holding in Bastogi and in Galleria Colonna. Shares in Acqua Marcia had been sought after this week on hopes that a dividend would be paid as the sale would give the company its first profit in three years.

AMSTERDAM concentrated on the brewing sector. The CBS Tendency index closed 0.3 lower at 97.3, down 0.6 per cent on the week. Turnover fell to Fl 237m from Fl 314m.

Shares in the brewer Grolsch were suspended at Thursday's closing price of Fl 158.50 before news that it had taken over a privately-owned German brewer which was expected to boost its operations and enhance earnings. Heineken closed Fl 2 higher at Fl 136.50, after setting a new 1990 high of Fl 136.60 on foreign buying earlier in the session.

PARIS ended weaker in trading dominated by large put-throughs by domestic fund managers seeking to improve the year-end valuation of their portfolios by switching stock between various unit trusts. The CAC 40 index closed down 23.88 at 1,635.52, down 3.3 per cent on the week, on volume of about FFr2.5bn.

Eurotunnel was by far the most active issue, rising 50 centimes to FFr38.25 with 3.1m shares changing hands. The stock was supported by heavy French subscription of 97.6 per cent to its new rights issue.

Saint-Gobain, the glass and building materials manufacturer, fell a further FFr17 to FFr368 on volume of 216,666 shares, on concerns that earnings will be harmed by falling car sales in Europe. Its exposure to the weak US building sector was another factor.

Société Auxiliaire d'Entreprises, the construction company, fell FFr20 to FFr1,190 after news of an agreement between a group of friendly shareholders holding just over 28 per cent which scotched speculation about a hostile takeover.

Accor, the hotels chain, eased FFr8 to FFr687 with 212,250 shares dealt following a lukewarm analysts meeting during which the management said it would slow investment in Europe and concentrate on the fiercely-competitive US market instead.

BRUSSELS saw the cash market index fall 38.31 to 5,082.37, 1.0 per cent lower on a week most remarkable for the mercurial performance of Wagons Lits.

The travel and tourism company rose BFr650 to BFr7.750 on Wednesday, but yesterday it traded in only 2,000 shares as the price moved up BFr150 to BFr7,900.

OSLO was lifted by higher tanker rates and news of a Hafslund Nycomed takeover. The all-share index rose 2.92 to 464.44, down 1.9 per cent on the week, in moderate trading worth NKr375m.

Hafslund Nycomed B shares rose SKr6 to SKr148 after news that it was buying the Danish pharmaceutical company DAK Laboratories.

STOCKHOLM closed broadly lower after the publication of two pessimistic economic forecasts. A domestic research institute said Sweden's current account deficit was likely to almost double to around SKr68bn by 1992. The OECD said Sweden's GDP could fall 0.5 per cent in 1991 compared with a 0.9 per cent increase this year. The Affärsvärlden general index fell 4.9 to 897.4, down 1.5 per cent on the week.

ZURICH weakened, the Credit Suisse index falling 4.2 to 476.5, 1.8 per cent lower on the week. Swissair bearers fell SFr10 francs to SFr630 after the airline forecast a "core business" loss in 1990.

SOUTH AFRICA

SHARE prices drifted lower ahead of the weekend and the Christmas holiday period. The JSE all-gold index fell 17 to 1,124 in spite of steady bullion prices and the industrial index slipped 7 to 2,988 The all-share index fell 10 to 2,678.

ASIA PACIFIC

Nikkei snaps eight-day rise as volume soars

Tokyo

EQUITIES fell for the first time in eight days but a sharp increase in volume to 800m shares from 600m, the highest since October 19, was taken as a sign that institutional investors were returning to the market after a long absence, *writes Emiko Terazono in Tokyo.*

Traders also attributed the sharp rise in turnover to a leading Japanese securities house's campaign to push daily trading value up to Y1,000bn.

The Nikkei average closed down 293.47 at 24,349.50, against a day's high of 24,637.49, and a subsequent low of 24,173.67 on the early unwinding of arbitrage positions. The index has risen 3.5 per cent on the week.

Losers outnumbered gainers 661 to 343, while 132 issues remained unchanged. The Topix index of all first section stocks fell 13.66 to 1,800.32 and, in London, the ISE/Nikkei 50 index fell 1.3 to 1,364.59.

Special quotations used for the settlement of December futures contracts on the Nikkei index were determined yesterday, leading to the unwinding of arbitrage positions. Ms Julie Hudson at Barclays de Zoete Wedd said that investors had been concerned about the unwinding of arbitrage positions in a low volume cash market. "There was a lot of manipulation in prices today, but the general sentiment has improved," she added.

Large-capital issues such as high-technology and steels were softer, and securities houses and precision instruments were also cheaper.

Toray gained Y11 to Y640, on news of the development of artificial blood vessels and that an university in the US has started using the product.

Mitsui firmed Y22 to Y791 on an announcement of a joint project with an American company to develop an oil field off the Sakhalin coast. Marubeni, also a Soviet related trading company rose Y4 to Y728, but C. Itoh lost Y1 to Y734.

Bank of Tokyo fell Y90 to Y1,000 on heavy selling ahead of its plan to issue convertible bonds totalling Y60bn on December 25. Most other bank stocks were firm.

Nippon Shinpan fell Y3 to Y838. Reports that city banks have raised lending rates to nonbank financial institutions by 0.2 to 0.4 per cent from ordinary company loans triggered investor concern. Other nonbank financial institutions were also weak with Central Finance losing Y45 to Y550.

Nippon Telegraph and Telephone (NTT) rose Y20,000 to Y1.07m. Traders said that this indicated a widespread improvement in sentiment.

The Tokyo Stock Exchange suspended trading of Ishihara Construction in the second section. Investors were given time to confirm reports that the company had provided a debt guarantee worth Y20bn to Kyowa, a steel frame builder which sought bankruptcy protection due to heavy losses in land and stock investments.

In Osaka, the OSE average fell 51.38 points to 26,705.30 on volume of 57.4m shares.

Roundup

PACIFIC Rim markets ended the week lower.

AUSTRALIA was disappointed that an expected cut in interest rates did not materialise. Turnover fell to A$131m from A$139m. The All Ordinaries index fell 9.7 to 1,310.0, down 1.9 per cent on the week.

HONG KONG declined across the board. Turnover edged down to HK$717m from HK$757m. The Hang Seng index fell 24.43 to 3,125.69, down 1.2 per cent on the week.

SINGAPORE ended off the day's lows. Volume eased to S$87.1m from S$107.4m. The Straits Times Industrial index fell 6.82 to 1,188.33, 0.8 per cent lower on the week. In **KUALA LUMPUR** the composite index added 2.68 to 508.11 ahead of the tabling of the 1991 budget.

TAIWAN finished lower. Volume fell from T$49.3bn to T$40.5bn, the lowest daily level since November 10. The weighted index fell 68.07 to 4,304.31, down 13.1 per cent on the week.

MANILA absorbed heavy profit-taking in the oil sector. The composite index rose 2.38 to 690.25 in turnover of 231.6m pesos after 293.1m pesos.

NEW ZEALAND fell to fresh six-year depths as the Barclays index closed below 1,200 for the first time since August 1984. Turnover rose to NZ$12.3m from NZ$10.3m. The index fell 11.3 to 1,193.57, down 4.8 per cent on the week.

SEOUL fell for the fourth consecutive session. Volume rose to Won204.2bn from 175.7bn. The composite index eased 2.76 to 710.06, down 2.8 per cent on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY DECEMBER 13 1990								WEDNESDAY DECEMBER 12 1990					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1990 High	1990 Low	Year ago (approx)
Australia (75)	120.59	−0.6	91.97	100.74	92.82	105.28	−0.2	7.57	121.63	92.76	101.37	93.49	105.45	158.31	118.98	146.64
Austria (19)	211.86	+0.7	161.57	176.98	163.07	162.97	+0.8	1.68	210.49	160.53	175.44	161.80	161.69	265.63	178.57	167.04
Belgium (60)	138.99	+0.3	106.00	116.09	106.98	105.05	+0.3	5.46	138.62	105.72	115.52	106.55	104.77	160.02	126.67	149.19
Canada (120)	129.73	+0.0	98.94	108.37	99.85	108.93	−0.1	3.66	129.76	98.96	108.15	99.74	109.00	153.61	121.24	152.24
Denmark (33)	243.54	+0.4	185.74	203.45	187.46	188.81	+0.6	1.59	242.53	184.96	202.14	186.43	187.81	277.62	234.05	234.46
Finland (25)	104.71	−0.5	79.85	87.47	80.59	78.31	−0.6	3.89	105.20	80.23	87.68	80.87	78.75	152.29	98.91	130.74
France (122)	143.29	−0.5	109.28	119.69	110.28	113.06	−0.3	3.68	144.00	109.82	120.01	110.88	113.45	168.85	124.98	149.21
Germany (91)	123.16	+0.4	93.94	102.91	94.81	94.81	+0.5	2.40	122.72	93.59	102.30	94.33	94.33	144.63	101.38	111.44
Hong Kong (48)	126.74	−0.6	96.65	105.87	97.55	126.96	−0.6	5.27	127.54	97.27	106.30	98.04	127.75	147.49	112.24	120.41
Ireland (16)	159.67	+0.9	121.77	133.38	122.90	125.03	+1.0	4.15	158.23	120.68	131.88	121.63	123.83	198.57	139.04	179.42
Italy (91)	84.27	+2.6	64.27	70.39	64.86	70.27	+2.7	3.50	82.14	62.64	68.46	63.14	68.40	109.26	75.73	94.73
Japan (453)	133.31	+1.9	101.67	111.36	102.63	111.36	+2.1	0.77	130.85	99.79	109.06	100.59	109.06	197.26	108.58	196.96
Malaysia (35)	207.27	+1.3	158.07	173.14	159.53	214.94	+1.2	3.15	204.66	156.08	170.56	157.31	212.38	250.89	182.96	219.85
Mexico (12)	604.01	+0.0	460.64	504.55	464.91	1941.55	+0.0	0.35	604.01	460.64	503.41	464.28	1941.55	613.96	324.53	302.41
Netherland (41)	135.32	+0.4	103.20	113.03	104.16	103.14	+0.6	5.21	134.75	102.77	112.31	103.58	102.56	149.03	127.56	138.71
New Zealand (15)	44.36	−3.0	33.83	37.06	34.15	39.41	−2.4	8.68	45.74	34.88	38.12	35.16	40.40	75.36	44.36	69.99
Norway (27)	212.51	+1.1	162.07	177.52	163.57	167.65	+1.4	1.84	210.13	160.25	175.13	161.52	165.35	276.79	202.34	193.54
Singapore (25)	164.22	+1.4	125.24	137.18	126.40	129.41	+1.2	3.41	161.98	123.53	135.00	124.51	127.87	209.24	147.24	176.24
South Africa (60)	175.60	−2.2	133.92	146.68	135.16	134.92	−0.5	4.05	179.57	136.95	149.66	138.03	135.59	251.39	151.50	185.12
Spain (41)	153.53	+0.1	117.09	128.25	118.17	109.68	+0.0	5.08	153.40	116.99	127.85	117.91	109.70	182.25	128.54	162.17
Sweden (27)	168.57	+1.1	128.56	140.81	129.75	139.25	+1.3	2.92	166.76	127.17	138.98	128.18	137.44	234.93	153.11	182.73
Switzerland (68)	92.37	+0.0	70.44	77.16	71.10	72.47	+0.1	2.90	92.36	70.44	76.98	71.00	72.41	109.77	85.00	91.59
United Kingdom (298)	168.84	+0.6	128.76	141.02	129.94	128.76	+0.6	5.49	167.83	127.99	139.86	128.99	127.99	176.18	139.87	153.77
USA (533)	133.08	−0.2	101.50	111.18	102.44	133.08	−0.2	3.72	133.37	101.71	111.16	102.52	133.37	148.95	119.06	142.16
Europe (959)	141.19	+0.5	107.68	117.94	108.68	108.56	+0.5	4.29	140.53	107.18	117.13	108.03	107.99	157.65	124.91	136.09
Nordic (112)	175.91	+0.7	134.15	146.94	135.40	135.08	+1.0	2.25	174.60	133.16	145.52	134.21	133.79	223.29	170.69	180.12
Pacific Basin (651)	132.24	+1.7	100.86	110.47	101.79	111.29	+1.9	1.16	130.03	99.17	108.37	99.95	109.17	192.75	107.82	192.04
Euro – Pacific (1610)	136.25	+1.2	103.91	113.81	104.87	110.95	+1.3	2.48	134.66	102.70	112.23	103.51	109.48	174.18	116.03	169.78
North America (653)	132.79	−0.2	101.27	110.94	102.23	131.49	−0.2	3.72	133.06	101.48	110.91	102.30	131.76	148.43	119.26	142.68
Europe Ex. UK (661)	123.92	+0.4	94.51	103.54	95.41	96.61	+0.5	3.45	123.47	94.16	102.92	94.93	96.14	145.62	109.94	124.17
Pacific Ex. Japan (198)	118.93	−0.6	90.70	99.38	91.55	106.75	−0.3	6.28	119.63	91.24	99.72	91.97	107.04	146.72	116.03	133.20
World Ex. US (1802)	136.69	+1.1	104.24	114.19	105.21	111.58	+1.3	2.53	135.21	103.12	112.70	103.94	110.18	173.77	117.12	169.40
World Ex. UK (2037)	131.01	+0.6	99.91	109.44	100.85	117.24	+0.8	2.62	130.16	99.27	108.49	100.06	116.33	162.00	115.37	159.09
World Ex. So. Af. (2275)	134.12	+0.7	102.28	112.04	103.24	118.25	+0.8	2.93	133.23	101.60	111.05	102.41	117.35	161.84	118.04	158.44
World Ex. Japan (1882)	136.24	+0.0	103.90	113.82	104.88	122.02	+0.1	4.04	136.20	103.87	113.53	104.71	121.82	151.59	124.31	140.40
The World Index (2335)	134.37	+0.6	102.47	112.25	103.43	118.37	+0.8	2.94	133.51	101.82	111.27	102.63	117.48	162.06	118.33	158.60

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
[illegible]						
Five to Fifteen Years						
[illegible]						
Over Fifteen Years						
[illegible]						
Undated						
[illegible]						

BRITISH FUNDS—Contd

1990 High	1990 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
Index-Linked				(b)	(1)	(2)
[illegible]						

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for April 1990: 125.1 and for November 1990: 130.0.

INT. BANK AND O'SEAS

[illegible]						

CORPORATION LOANS

[illegible]						

COMMONWEALTH & AFRICAN LOANS

[illegible]						

LOANS

Building Societies

[illegible]						

Public Board and Ind.

[illegible]						

FOREIGN BONDS & RAILS

1990 High	1990 Low	Stock	Price £	+ or –	Div %	Red. Yield
[illegible]						

AMERICANS

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]							

AMERICANS—Contd

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
19¼	524p	Chem. Banking Corpn.	636p	−18	$1.00	–	8.0
12½	5	Chrysler $6¼	6¼	+⅛	$1.20	–	9.7
18¼	5	Citicorp $1	7¼	−⅛	$2.46	–	17.5
40	29¾	Colgate-Palmolive $1	38	+2	$1.80	–	2.4
[illegible]							

CANADIANS

1990 High	1990 Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]							

Continued on next page

FINANCIAL TIMES
Weekend December 15/December 16 1990

Levitt on bail of £500,000 and files for personal bankruptcy

Trevor Humphries

MR ROGER LEVITT, *founder of the private financial services company which went into liquidation on Tuesday, leaves London's Bow Street magistrates court after being released on bail of £500,000 yesterday, writes Sara Webb.* He has been charged with stealing £665,000 of his clients' money.

Mr Levitt, the 41-year-old head of Levitt Group, known for his successful insurance sales technique, has made a petition for personal bankruptcy in the High Court, it emerged yesterday.

The bankruptcy petition means Mr Levitt's assets are frozen and are now in the hands of the Official Receiver. He may not have a personal bank account, cannot obtain credit of more than £100, or be a director of a limited company. The move suggests he wishes to seek the protection of the court from his creditors.

KPMG Peat Marwick McLintock, the liquidator, said the Serious Fraud Office was investigating "allegations of irregularities which we understand may relate to up to 15" of the 200 or so clients who had their funds managed by the group. A further 5,000 clients who bought insurance policies through the group were urged to check their policies with the appropriate insurance companies.

Mr Levitt faces two charges. He is alleged to have stolen £400,000 belonging to one client between October 1987 and December 13, 1990, and £265,000 belonging to another client between June 1986 and December 13, 1990.

Peat Marwick said yesterday that Levitt Insurance Brokers, a subsidiary of Levitt Group (Holdings), had been put into administration by the High Court. This subsidiary, which employs between 50 and 60 staff, is still trading and Mr Tim Hayward, a partner with Peat Marwick, said several potential buyers had expressed an interest in it. Other subsidiaries may be put into administration or liquidation in future, although Peat Marwick is examining the various related companies and assets.

The Levitt Group's liabilities are expected to amount to £40m. Peat Marwick said its immediate task was to secure any assets the companies might have, but it thought it was unlikely that realisations would amount to more than £1m, including several leased motor vehicles.

Finance and the Family, Weekend FT Page III

Tambo urges ANC to review sanctions

By Patti Waldmeir in Johannesburg

MR OLIVER Tambo, president of the African National Congress (ANC), yesterday called for a review of sanctions against South Africa, the clearest sign yet that the movement is considering abandoning sanctions as a weapon against apartheid.

Senior leaders of the ANC, which yesterday began its first national conference inside South Africa for more than 30 years, are divided on the issue. Mr Tambo made clear in his opening address – his first speech on South African soil since he went into exile in 1960 – that he favoured flexibility.

"It is no longer enough to repeat the tried slogans," he told 1,600 delegates. "We should carefully re-evaluate the advisability of insisting on the retention of sanctions, given the situation domestically and abroad."

The conference is to consider a discussion document which calls for gradual reductions, including a substantial easing of sports and trade barriers.

In a remarkably candid assessment of sanctions, the document concludes that trade sanctions are making little impact on the economy, economic links with Africa are growing, South Africa's diplomatic isolation has eased and the economy has registered a net inflow of capital in spite of financial sanctions. (Recent central bank figures show a R1.5bn net inflow in the third quarter this year, the first in three years and the largest since 1982).

The document calls on the ANC to "re-establish its authority over the issue" by working out a programme for easing sanctions, although it notes that "the time has not yet arrived when we should call for the lifting of all existing sanctions".

Some senior ANC leaders have condemned the document as too conciliatory.

Mr Nelson Mandela, the ANC's deputy president, last week wrote to European Community leaders urging them to postpone action on sanctions until February or March. He told yesterday's conference that continued pressure from the international community would be crucial in "compelling the government to honour the agreements reached".

Sources close to the ANC believe Mr Mandela may be arranging a deal with President F.W. de Klerk involving ANC support for lifting some sanctions in exchange for promises to accelerate the abolition of apartheid legislation.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)

Rises			
Bayer-Hypo	336	+	8
Brown Boveri	325	+	27
Springer	712	+	12
Falls			
Hapag Lloyd	349	–	6
RWE	409.5	–	10.5
Volkswagen	371.5	–	9

NEW YORK ($)

Rises			
AT & T	30⅝	+	⅛
Citicorp	13⅝	+	⅜
Gen. Motors	33⅜	+	⅞
Falls			
Motorola	49	–	1
NCR	88¾	–	1⅜
Philip Morris	50½	–	¼

PARIS (FFrs)

Rises			
Coparex	588	+	13
Falls			
BIC	517	–	17
Havas	462.9	–	15.1
La Henin	465	–	27
St. Gobain	368	–	17
Vallourec	224	–	15

TOKYO (Yen)

Rises			
Chuo Paper	671	+	72
Fudow	610	+	49
Hohsui	880	+	70
Nippon Yusoki	1420	+	130
Shin-Kobe El.	1400	+	160
Falls			
Bk. of Tokyo	1000	–	90

New York prices at 12.30.

LONDON (Pence)

Rises			
Courtney P	21	+	6
ECC	338	+	9
ERF	108	+	20
Eurotunnel	395	+	7
Gestetner	199	+	8
Manweb	170	+	11
Ramsden (H)	88	+	8
Reed Exec	36	+	5
Falls			
Comp.People	120	–	15
ICI	909	–	21
Kingston Oil	98	–	18
Lex Service	170	–	9
Midlands Radio	104	–	18
Tex Hldgs.	55	–	10
Total	10	–	2

WORLDWIDE WEATHER

UK today: dry except for some showers in Scotland and the extreme south-east after a frosty night. Freezing fog will clear slowly. Outlook: dull but mostly dry.

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	11	52	Dallas †	C	8	46	Madeira	F	17	63	Prague	Sn	0	32
Algiers		–	–	Dublin	S	7	45	Madrid	S	7	45	Reykjavik	C	5	41
Amsterdam	S	3	37	Dubrovnik	C	11	52	Majorca	F	12	54	Rhodes	F	19	66
Athens	C	14	57	Edinburgh	C	5	41	Malaga	S	17	63	Rio de Janeiro		–	–
Bahrain	S	25	77	Faro	S	13	55	Malta	F	13	55	Rome	S	10	50
Barcelona	S	10	50	Florence	C	9	48	Manchester	S	2	36	Salzburg	Sn	0	32
Belfast	S	5	41	Frankfurt	C	4	39	Melbourne	C	17	63	S'Francisco †	S	7	45
Belgrade	R	1	34	Geneva	F	1	34	Mexico City		–	–	Santiago		–	–
Berlin	C	1	34	Gibraltar	S	17	63	Miami †	C	17	63	Seoul	S	3	37
Biarritz	F	6	43	Glasgow	C	4	39	Milan	F	3	37	Singapore	F	31	88
Birmingham	S	4	39	Guernsey	C	6	43	Montreal †	F	-8	18	Stockholm	C	-2	28
Blackpool	S	3	37	Helsinki	S	-4	25	Moscow	C	-2	28	Strasbourg	C	2	36
Bombay	S	29	84	Hong Kong	S	21	70	Munich	Sn	-1	30	Sydney	S	28	82
Bordeaux	S	6	43	Innsbruck	C	-1	30	Nairobi	F	22	72	Tangier	F	15	59
Boulogne	F	5	41	Inverness	F	7	45	Naples	S	11	52	Tel Aviv	S	20	68
Bristol	C	2	36	Isle of Man	S	8	46	Nassau		–	–	Tenerife	C	19	66
Brussels	C	3	37	Istanbul	F	15	59	Newcastle	S	4	39	Tokyo	F	17	63
Buenos Aires		–	–	Jersey	S	6	43	New Delhi	F	26	79	Toronto †	S	-11	12
Budapest	S	3	37	Johannesburg	F	26	79	New York †	S	1	34	Tunis	C	11	52
Cairo	S	20	68	Las Palmas	C	19	66	Nice	F	9	48	Valencia	S	12	54
Cape Town	S	22	72	Leeds	S	4	39	Nicosia	S	21	70	Venice	C	8	46
Cardiff	C	2	36	Lisbon	S	9	48	Oporto	S	12	54	Vienna	C	4	39
Chicago †	C	-2	28	Locarno	S	5	41	Oslo	F	-2	28	Warsaw	C	1	34
Cologne	C	3	37	London	S	6	43	Paris	C	4	39	Washington †	S	2	36
Copenhagen	F	1	34	Los Angeles †	S	9	48	Peking	S	3	37	Wellington	F	19	66
Corfu	F	13	55	Luxembourg	C	2	36	Perth	F	23	73	Zurich	C	0	32

C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder.
† Noon GMT temperatures

Major

Continued from Page 1

Thatcher and the German leader were barely speaking.

Rome was not the place for Mr Major to announce a U-turn on the substance of policy. He is not by instinct a federalist and has serious doubts about the rush to European integration.

He faces a general election within 18 months. Headlines proclaiming a climbdown would invite a return to the civil war in the Conservative party which catapulted Mr Major into 10 Downing Street.

So he insisted that his opposition to the Delors blueprint for a single currency was undiminished. Nor did the Federalist architecture for the European Community favoured by others hold appeal for a politician so wedded to the Westminster parliament.

The objections, though, were *sotto voce*. The emphasis was on the areas of agreement, not on those of controversy - the reverse of the approach adopted by Mrs Thatcher at the last Rome summit. It was her apparent delight in her isolation which prompted Sir Geoffrey Howe to resign and trigger her downfall.

For Mr Major the aim of a single currency was not, as Mrs Thatcher once said: "Federalism by the back Delors." Instead it was "a proposition of immense significance for the whole of Europe . . . we need experience of it; we need to see if it works; we need if people really want it".

There was a sub-text, spelt out briefly in Mr Major's meeting with Mr Giulio Andreotti, the Italian prime minister and more fully in the talks Chancellor Kohl.

The British leader explained that the divisions in his party left by Mrs Thatcher's departure and the approach of the election imposed constraints on how far he could be seen to break with the past. But if his European colleagues gave him the time and space then break gradually he would.

The immediate signs were that his partners saw no virtue in making it more difficult for Britain to return to the fold. Senior figures in the European Commission believe that its draft treaty on monetary union allows the possibility of a deal under which Europe moves towards a single currency while giving Mr Major scope to claim that Britain was free to "opt out".

It will not be all plain sailing; nor will the rhetoric always be consistent. After charming his partners in Europe, Mr Major returns to London today anxious to reassure Conservative right wingers that he has not handed over Britain's sovereignty.

France also signalled that, while it is willing to slow the European train to allow Britain to catch up, it will not halt it entirely. In Rome, Mr Major simply bought his ticket. It is hard though to see how he can now avoid climbing aboard.

Inflation

Continued from Page 1

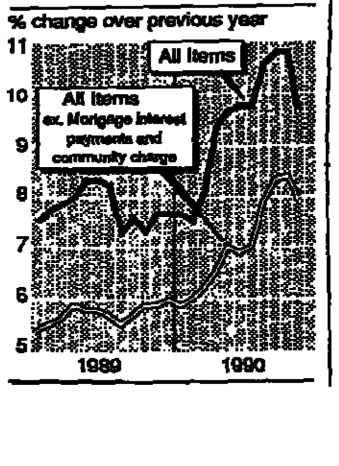
the underlying rate to carry on rising.

The CSO said that the fall in the RPI was largely a consequence of the effects of higher mortgage interest payments, imposed in November 1989, dropping out of the index. Together with decreasing petrol prices, this is expected to prompt a further fall in inflation in December.

The general index of retail prices for November was 130.0 (January 1987=100) after 130.3 in October.

RPI

% change over previous year



Industrial output in US falls sharply

By Michael Prowse in Washington

US INDUSTRIAL production fell 1.7 per cent last month, the sharpest drop since January 1982, confirming signs that the economy is firmly in recession.

The decline, led by a 20 per cent fall in motor vehicle production, was considerably worse than Wall Street had expected and prompted sharp falls in share prices.

Earlier estimates for industrial production in September and October were also revised downwards to show falls of 0.1 and 0.9 per cent respectively.

At 1.30pm, the Dow Jones Industrial Average was down 28.47 at 2,585.89. Bond prices also fell steeply, but mainly in response to poor wholesale price inflation figures.

The producer price index rose 0.5 per cent compared with increases of more than 1 per cent in the preceding three months. But the improvement reflected a sharp reduction in energy price inflation after the rise in oil prices caused by Iraq's invasion of Kuwait.

The closely watched "core" producer price index, which excludes food and energy, rose 0.5 per cent last month. That suggested some seepage of energy price inflation into the non-oil economy, and damped hopes that the industrial production figures would prompt another early easing of monetary policy.

The industrial production report showed general weakness for the second month in succession. Manufacturing production fell 1.7 per cent after a 0.8 per cent fall in October. Durable goods production, led by the collapse of motor vehicle output, fell 2.5 per cent after October's 1.1 per cent drop.

Output of consumer goods, business equipment, construction supplies and materials all fell by nearly 2 per cent. Excluding the weak motor sector, industrial production fell 0.8 per cent, a sizable decline.

Mr Will Brown, chief economist at J. P. Morgan, the Wall Street bank, said he believed that this would not be a mild recession, although he did not envisage a contraction as severe as in 1981-82. The bank has revised its forecasts to show real gross national product contracting at an annual rate of 4 per cent this quarter and early next year.

The producer price figures showed that the economy had absorbed the initial impact of higher oil prices. Energy prices rose just 0.1 per cent in November compared with 14 per cent in September and 8 per cent in October. But wholesale prices outside the energy sector remain uncomfortably buoyant. The overall index has risen 7 per cent in the past 12 months.

Housing the home secretary

By Alison Smith

IN A FRESH round of ministerial "musical dwellings", Mr John Major, the prime minister, has given Mr Kenneth Baker, the home secretary, use of the country house Dorneywood as an official residence.

The Georgian mansion in Buckinghamshire, with more than 200 acres of grounds, has been vacant since the departure of Sir Geoffrey Howe, the former deputy prime minister, after he resigned last month.

Sir Geoffrey was given use of Dorneywood in the acrimonious reshuffle Mrs Margaret Thatcher carried out in July 1989. Dorneywood was intended to compensate him for losing the use of the country house at Chevening in Kent.

After surprise that Dorneywood had not been given to Lord Waddington, leader of the House of Lords, it emerged that he has kept the use of the government-owned London house he lived in as home secretary. Mr Baker has no official London residence.

Mr Douglas Hurd, Foreign Secretary, seems safe at Chevening although the use of that too is for the prime minister to decide. Before Sir Geoffrey established a strong foreign office connection, its occupants had included Lord Hailsham, the former Lord Chancellor, and the Prince of Wales.

Mr Major himself is to spend a family Christmas at Chequers, the prime minister's official country residence.

THE LEX COLUMN

The new rules on yields

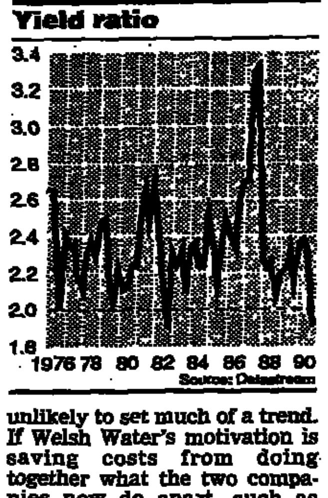
Yesterday's return to single-digit UK inflation cannot be wholly trusted so long as the Gulf crisis continues and sterling is so close to its ERM floor. But the working assumption in the markets is that the combination of recession and ERM membership guarantees a downward trend from now on. In the past month, long gilt yields have fallen steeply from 11.5 per cent to 10.3 per cent. This has left equities cheaper relative to gilts than at any time since 1982, as measured by the yield ratio.

Here, as in so many areas, ERM membership makes history a questionable guide. A yield ratio of two – that is, gilts yielding only twice as much as equities – has in recent years proved a floor for equities. The ratio is now below that. But until the late 1960s equities traditionally yielded more than gilts, to compensate for the risk of companies going bust. That was subsequently reversed by the onset of inflation, which posed a vastly greater risk to gilts than to equities. But if ERM membership now means that inflation is to subside to German levels, the yield ratio should subside as well.

This need not in itself be a threat to equities, whose long-run tendency to yield between 4 and 6 per cent is not primarily a function of inflation at all. The problem is rather interpreting the fall in gilt yields. The classic pattern at this stage in a recession is for gilt yields to fall and equities to follow. To the extent that the fall in gilt yields is a recessionary phenomenon, equities ought to respond. But to the extent that the fall is a reaction to the discipline of the ERM – which controls inflation chiefly by hitting corporate profits – no such response is called for. ERM entry is not in itself a stimulus for equities. On the other hand, it could just make 1991 the year of the gilt.

FT-SE Index: 2,168.4 (-3.8)

Yield ratio



Source: Datastream

Welsh Water

So much for sleepy water companies. At first sight the case for regional co-operation between the privatised Welsh water and electricity companies has an obvious appeal: so obvious that Welsh Water's aggressive grab for a 10 per cent stake in South Wales Electricity caught the market napping and resulted in a scramble to mark up other likely candidates, with Manweb and Yorkshire clear favourites.

On closer inspection the move looks over-hasty and unlikely to set much of a trend. If Welsh Water's motivation is saving costs from doing together what the two companies now do apart, such as meter reading and digging holes, it is hard to see what purpose the stake will serve. Hence South Wales' undoubted surprise at the move. A negotiated agreement would surely have made for a happier joint venture.

Any operating savings are also likely to be insignificant on anything but a very long-term view. Some benefit could eventually flow from integrated billing systems and vehicle fleet management. For water companies determined to pursue metering as a charging mechanism, there might also be long-term benefits in joining forces with the electricity distributors. But Welsh Water has no such plans. The company has taken a surprising gamble with part of its £250m cash pile. Then again, shareholders are unlikely to complain. Yesterday's interim results were among the best so far in the sector.

Hanson

Most of the case for holding Hanson's shares depends on its long-standing prowess in spotting undervalued assets. But Hanson's capacity for takeovers depends on its borrowing powers and thus its own finances. Judging by yesterday's annual report, the bears are right to be anxious about parts of Hanson's balance sheet and cash flow.

The chief issue is the treatment in the accounts of Hanson's US purchase last March of Peabody coal. As disclosed last week, Hanson has made a £1.67bn provision against Peabody's industrial disease and pensions costs. Leaving aside the question of whether Hanson's shareholders should have heard about such liabilities six months ago, it is striking that Hanson has simultaneously written up the value of Peabody's fixed assets by £2.1bn. Peabody's chief assets were 8bn tonnes of coal reserves, so a large write-up was likely. The odd feature is that it leaves Peabody's net assets precisely equal to the purchase price, so that there is neither a goodwill write-off nor a surplus. Hanson's books are audited, so they must be true and fair. But the exercise seems strangely neat, and there is no external valuers' report on Peabody.

A second point is cash flow. Hanson's internal cash generation has fallen heavily from £724m in 1989 to £255m in 1990. Working capital rose by £42m, even after stripping out acquisitions and exchange rate movements. This sits oddly with Sir Gordon White's talk in the report about Hanson's financial disciplines. And of Hanson's £1.3bn of taxable profits, nearly one-tenth consisted not of cash but of a release of unspecified provisions. It all prompts renewed questions about the quality of Hanson's earnings.

Burmah/Foseco

The battle for control of Foseco is more finely balanced than it looks. Burmah Castrol's final offer of £3 – equivalent to 11 times this year's earnings – is mean. On the other hand Foseco's record is mediocre. But it is now proposing to sell a substantial chunk of the business and has promised to channel the proceeds back to the shareholders. This will put some sort of floor under the shares in the event of Burmah walking away.

If Foseco really can raise £150m over the next year or so then shareholders would be right to reject the bid. But this is a very big if. Shareholders must decide whether they can trust the current management to extract this sort of value out of Foseco rather than allow Burmah Castrol to enjoy the fruits. It would have been more reassuring if Foseco had some firm cash bids on the table.

The record of Foseco's management over the last few years does not inspire much confidence. But the new chairman, who is taking an executive role during the reorganisation, is no novice when it comes to restructuring companies. Unfortunately, he has probably arrived too late to stop Burmah walking away with the company.

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Weekend FT

SECTION II

Weekend December 15/December 16 1990

When did we last write about typewriters?

Geoffrey Owen, who steps down as editor of the Financial Times *this month, reflects on Britain's mixed industrial performance since he first joined the paper in 1958. British industry does not need shooting stars, he says, but entrepreneurs and managers with ambition and stamina*

AS FEATURE writers on the *Financial Times* in the 1950s, we had the daily task of finding a subject, preferably topical, for an 800-word article to be published on the leader page. When news was sparse the typewriter industry was a reliable stand-by. With four manufacturers happy to tell us what was going on in the market, it was compact enough to be "done" in the two to three days that were allotted to the task.

Where are those manufacturers now? Alas, the typewriter business, like so many other sectors we wrote about, fell on hard times; the last parts of it were killed by the recession of 1980-82. The saddest demise was that of Imperial Typewriter, the only British-owned company. Weakened by obsolete designs and poor quality, it was taken over by Litton Industries of the US in the mid-1960s; its two factories at Leicester and Hull were later closed and production transferred to Germany. Only in the last few years has a new, electronic typewriter industry begun to emerge in the UK, largely with Japanese technology and management.

Perhaps this story of decline and rebirth under new management will be repeated across British industry. There are sufficient signs of revival to justify a modest amount of optimism – and the new management does not have to be Japanese. Those private-sector steelmakers that we used to visit – long-established names like South Durham, Appleby-Frodingham, Dorman Long, Stewarts and Lloyds – failed in the 1950s and 1960s to take the radical steps needed to modernise the industry. Its problems were then compounded by 20 years of state ownership and political interference. Out of prolonged mismanagement has come, in the end, a smaller but much more efficient industry.

But why did the decline occur in the first place? Even allowing for the recovery of the defeated powers and the emergence of new industrial nations, it was not inevitable that so many British companies which were world leaders in their fields should fall behind so calamitously. Sometimes, as in motor cycles, they were overtaken by the Japanese, whose ability to make high-quality machines in very large volume proved unbeatable. More commonly, British companies lost out to Continental rivals which had no obvious advantages in scale or in manufacturing costs.

Some of the reasons dated back a long way. This was how the bottle-making industry was described to me in the mid-1960s: "An American invented an automatic bottle-making machine about 1905. He came to England to sell it, but the British companies would have nothing to do with it. He therefore started up his own bottle works in Lancashire. Thereupon the British bottle-makers agreed to buy his machines if he closed down, which he did. This set the technological tone for the industry. Every now and then the Americans invent a new machine; about 20-30 years later the British bottle-makers start buying it."

Another factor was complacency stemming from the post-war sellers' market. The most celebrated case of immobility in the face of technical and market change was Alfred Herbert in Coventry, once the world's largest machine tool business. Sir Alfred Herbert, the founder, was still chairman and managing director when he died in 1957 at the age of 70; the company became a byword for ageing management, products and manufacturing methods.

In the mid-1960s it had about 1,500 machines in use of which 70 were more than 50 years old and another 570 over 30 years old; many could be worked only by men who had the dying craft skills needed for precision work on antiquated plant.

As new competition began to bite, companies had to shake themselves out of their lethargy and raise their performance. A "creative crisis" could sometimes do the trick. For Courtaulds, the ICI bid in 1961 "brought a sharp concentration of the corporate mind and much purging of the corporate body".† It also brought the emergence of Frank Kearton, a scientist-manager who rescued Courtaulds from genteel decline. The historian of Courtaulds described Kearton's performance at the January 1962 press conference: "It was vigorous, assertive, fluent and confident. He laid about ICI . . . he threw facts and figures about with cheerful abandon and some inaccuracy. He raised laughs, bubbled with ideas and was the total antithesis of the old, stuffy Courtaulds".

Another mould-breaker was Arnold Weinstock. The son of Polish immigrants he studied statistics at the London School of Economics and, after some years in the Admiralty and then in finance and property development, joined his father-in-law's consumer electronics business, Radio and Allied Industries. When Radio and Allied merged with General Electric Company in 1961, making Weinstock a director and shareholder in GEC, it was the start of the reshaping of the British electrical industry. Both the old GEC and Associated Electrical Industries, which Weinstock took over after an acrimonious battle in 1967, had all the weaknesses of old-fashioned, slow-moving management that plagued the British industrial establishment. Rarely straying from his Stanhope Gate office and applying rigorous discipline to all aspects of the business, Weinstock achieved a spectacular improvement in performance.

There were others, such as former journalist Don Ryder at Reed Paper (later head of the Labour government's National Enterprise Board), who took a firm grip on a declining business and forced it into new directions. Some of these ambitious managers pursued size for its own sake and took their companies in wrong directions. Journalists like myself were probably over-impressed by the titans of industry, who were amusing to interview, and paid too little attention to less glamorous performers like Dowty; take-over battles are easier to write about than steady, organic growth. But even the steadiest performers usually needed a change of direction, or at least a change of gear. Dowty, for example, was built up by Sir George Dowty before and after the Second World War as a specialist in hydraulic machinery, particularly aircraft components and mining equipment; it might have lost its way had not Sir George's successors made a decisive push into electronics, a move which the founder had resisted.

Reviving old companies was one route to international competitiveness; another was to build new ones. Jules Thorn, who came to England from Austria in the 1920s as a sales agent for imported lamps, built the country's leading consumer products business. With his zest for business and his pride in what he had created, especially the plant at Enfield, Middlesex – "see our factories, they'll inspire you" – he was the most impressive of Britain's numerous immigrant-entrepreneurs. But there were flaws. "It was a marvellous company at improving other people's technology," Sir Jules's successor told me. Perhaps the lack of a strong technological base, coupled with dependence on UK and Commonwealth markets, made it difficult for Thorn to become a world force; its TV set business was sold to Thomson of France in 1987.

"Jamais content" was the motto of Joseph C. Bamford, whose initials have become part of the language and whose gleaming factory in the Staffordshire countryside is widely admired. After the war he broke away from the family business in nearby Uttoxeter, first to make farm trailers, then in the 1960s the yellow backhoe loaders which have become familiar on construction sites throughout the country. Joe Bamford had a grand vision of creating the British counterpart to Caterpillar, the world's leader in earthmoving equipment. Although the goal was subsequently scaled down – perhaps wisely in view of the slump which the industry endured – the JCB range of equipment remains a strong contender in world markets.

One who did for a time become the undisputed number one in his field was Daniel McDonald of BSR. He started producing record changers in 1955 and 10 years later had the largest share of the world market, including the US and Japan. Unfortunately, BSR was unable to adapt to changes in the audio market and the company was forced to diversify into other products, mostly manufactured outside the UK.

The change of gear needed to move from a strong domestic position into the world league was never easy. Some tried to do it through merger, but mergers are hard to get right. It is interesting to speculate whether the old Rover company, well respected and profitable in the early 1960s, could have achieved the status of a BMW or a Volvo without being absorbed into British Leyland and sharing in the misfortunes of that group.

Rover was a family company in the best sense, with continuity at the top and a loyal workforce. It "pursued engineering excellence within a limited market niche"*, but the unexpected success of the Rover 2000, launched in 1964, strained the company's management and exposed its meagre financial resources. Joining a larger group seemed logical, but the attempt to wrench Rover into an even bigger scale of production and a different market segment, coupled with the cultural problems involved in the merger with Leyland, proved too demanding.

Others achieved a technical lead but lacked the resources or staying power to exploit it. Ferranti, under founder Sebastian Ziani de Ferranti and his descendants, had always combined technical brilliance with precarious finances. During the 1970s the company became a world leader in "gate arrays", a form of specialised integrated circuit, and for a while claimed to be the most profitable semiconductor manufacturer in the world. But as the Japanese and others came into the market, the non-family management – the Ferranti brothers had lost their executive role after the 1975 financial crisis – concluded that to stay in the race would require investment on a scale likely to endanger the whole company; the semiconductor business was sold to Plessey in 1988.

Why was the story so different in another high-technology industry, pharmaceuticals? No doubt the success of Glaxo, now second only to Merck of the US, is mainly due to good management decisions: to concentrate on the single business of prescription medicines, to invest heavily in research and development and to focus sales on the high-volume markets, starting with the US. Yet the success of this British industry also reflects a more stable business environment than other sectors have enjoyed. Demand has grown steadily, internal competition has been strong (most of the leading US and Continental companies have been operating in the UK since the 1950s) and government policy towards the industry, despite periodic rows over prices and profits, has been relatively consistent.

That consistency was missing in many other areas of the economy. Quite apart from the swings between Labour and the Conserva

Continued on Page V

The long list of casualties in 1990

The Long View

BARRY RILEY

A tough year has introduced unexpected risks to both the company sector and Westminster, but the stock market as a whole has escaped fairly lightly

IT HAS been a year for farewells – by Drexel Burnham Lambert, British & Commonwealth, Polly Peck, Margaret Thatcher and a host of others. In the circumstances the financial markets might have performed worse.

Twelve months ago I forecast that 1990 would be a "dull but not apocalyptic" year for the stock market, and that turns out to have been a reasonable rendering of how it has developed.

The UK market is down about 14 per cent this year, as measured by the FT-Actuaries All-Share Index, representing an uneasy balance as mounting institutional liquidity has lapped at the receding shores of company profit expectations.

Markets have focused on interest rates and the economic cycle: by and large, those countries such as the UK and the US which raised interest rates early and have started bringing them down again have enjoyed less brittle equity markets than countries such as Japan and Germany where monetary pressures have been slower to emerge, but hit hard in 1990.

By and large, then, British investors have done better – or at least, less badly – than their counterparts overseas. True, US stocks are only off by 7 per cent, but by 23 per cent in sterling terms.

Europe excluding the UK is down 22 per cent, and then of course there is the sad case of Japan where the Four Horsemen came into sight at one stage. The Nikkei Average halved in nine months at the worst, though it has since staged a modest but uncertain recovery, for a net fall of some 37 per cent since January 1. Although Tokyo's weighting has shrunk, nevertheless it has been influential in dragging down the FT-Actuaries World Index by 31 per cent in sterling (though only 17 per cent in dollars).

As for bonds, yields have risen on long-dated gilt-edged over the year as a whole, so you would have done much better to stay with short-term interest rates which have averaged 14¾ per cent – although if you had been sharp enough to plug into gilts at the beginning of May, when the ERM entry rumours began to revive the market, you could have picked up some useful profits. There has been a late rally in Japanese bonds, too – but globally it has been a dreary year for fixed income securities.

My economic assessment last Christmas was that the UK was heading into recession as it was punished for its sins of over-expansion in the period between 1986 and 1988.

But against a background of still healthy global growth there ought to have been the opportunity to turn the balance of payments deficit around quite quickly, and reduce interest rates significantly in the second half of 1990.

Unfortunately John Major, as Chancellor of the Exchequer, failed to crack down early on. Sterling weakness was condoned at the beginning of the year, buoyant consumer demand postponed the recession, and by the spring I was warning of the danger of a serious double-figure inflationary blip. A complacent Budget and the impact of the poll tax on the headline inflation rate stoked up trouble.

Unwilling to touch taxes and interest rates Major resorted to exchange rate policy to attack inflation. Sterling was massaged up through hints about entry to the exchange rate mechanism of the European Monetary System.

By September I was nevertheless arguing that inflation was heading for 15 per cent unless tough action was taken. In fact ERM entry then took place at a very high level against the D-mark, and it looks as though 10.9 per cent will prove to have been the peak for inflation.

But the severity of the cost of bottling up inflation in this way is now becoming painfully evident, and once again British manufacturing industry is directly in the firing line.

ERM entry at the beginning of October represented John Major's personal political triumph over Margaret Thatcher, one which Nigel Lawson could not achieve. It was quickly followed by Major's rise to the premiership. But to turn exchange rate policy into a political battleground is extremely dangerous.

I have regularly argued that while sterling's participation in the ERM might prove to be stabilising and anti-inflationary, it could only be so in the context of structural changes in the UK's monetary policy.

Capital constraints must be used to curb bank lending and the propensity to borrow must be reduced, notably through removing the now superfluous incentives to home ownership. Savings must be attracted into longer-term instruments through a rise in bond yields. Money growth should be cut to a maximum of 6-8 per cent and not permitted to rise again when the economy recovers.

To go into the ERM without making structural preparations along such lines could only be a serious mistake, and thus we approach the end of the year with the British economy apparently at last sliding fast but interest rates still stuck at the high levels appropriate for an economic boom.

Internationally, too, the outlook has become more troublesome. The US chose to stave off its own recession by encouraging a depreciation of the dollar, but that is a beggar-my-neighbour policy which has undermined other countries, aside from Germany and Japan which have enormous internal momentum.

The Gulf crisis meanwhile has further undermined confidence and introduced extra volatility to the oil price, although the catastrophe of a conflict has so far been avoided.

Only dollar interest rates have come down significantly, and DM rates may even have further to climb. So interest rates have damaged stock markets around the world, although in recent weeks there have been signs that long bond yields have peaked out in recognition that recessionary forces are at last gaining the upper hand.

It is, however, too late to save Parkfield Group, Coloroll, Lowndes Queensway and a host of other companies. Many will wish to forget 1990 – but not John Major.

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MARKETS

FINANCE & THE FAMILY: THIS WEEK

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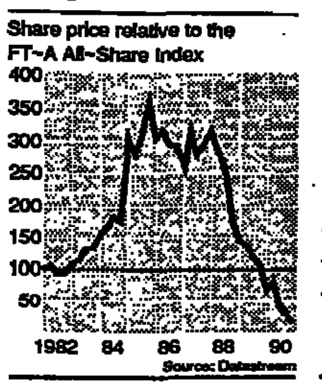
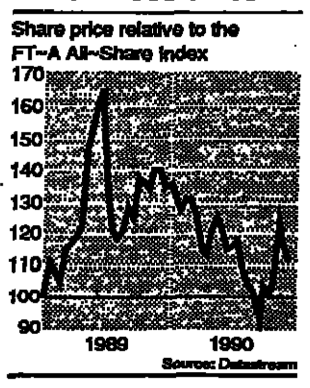
Share price relative to the FT–A All–Share Index



Racal Electronics

Share price relative to the FT–A All–Share Index



Next shares stagger back from lows

Shares in Next fell sharply on Thursday morning as speculation mounted that the retail group was in crisis talks with its bankers. Having plunged to 6½p, the shares recovered after a reassuring statement that it was operating within its borrowing facilities, had the support of its bankers and expected a profitable outcome from its retail and mail order operations in the coming year. But even after the rebound to 14¼p, the share price is still a long way from the year's high of 108p. *Philip Coggan*

Poor interims depress Racal Electronics

Shares in Racal Electronics fell this week after poor interim results prompted analysts to reduce their full year forecasts. Without the contribution from the 80 per cent owned subsidiary, Racal Telecom, Racal Electronics would have made a loss. Sir Ernest Harrison, chairman of both groups, said plans for the demerger of Racal Electronics would be put to shareholders in June 1991. *P C*

Unit Trust dividends threatened

Unit trusts in the UK income sector may be forced to cut their dividends if the current recession continues or worsens according to a warning from Fund Research, the specialist analysis group.

The rate of dividend increases will slow dramatically as the recession bites, warns Fund Research, and many companies will be forced to cut their payments. Income funds invest in the highest yielding companies of the market and thus their own dividends will inevitably be vulnerable. Peter Jeffreys, managing director of Fund Research, believes that unitholders have become accustomed to receiving 15 to 20 per cent dividend increases over the past three years. But Jeffreys warns that a number of high yielding unit trusts are meeting their income requirements at the expense of capital. *P C*

Life bonus season opens

The first swallow heralding the forthcoming life bonus season arrives on Tuesday when Commercial Union is due to announce its 1990 bonus rates. Analysts are forecasting a particularly poor set of bonuses this time after years of increased payouts. It is not a question of whether cuts will be made, but how deep those cuts will be and CU will, hopefully, provide a pointer.

Previously, there have been two swallows heralding the bonus spring. But this year Norwich Union has decided to stay with the flock and will be making its announcement well into January, though Hugh Scurfield, NU's life company chief, is adamant that this does not imply a worse than average result. *Eric Short*

Best bonds for income

The leading rates available on guaranteed income bonds, according to Chase de Vere Investments, are as follows: one year — 10.4 per cent from Hambro Guardian (minimum £5,000); two years — 10.0 per cent from Providence Capitol (minimum £10,000); three and four years — 9.75 per cent from General Portfolio (min £1,000); five years — 10.0 per cent from Financial Assurance (min £10,000). *P C*

How safe are your banking secrets?

Last week British banks released a draft code of confidentiality which includes several exceptions. One would allow the banks market other financial services to clients. **David Lascelles** reports. **Philip Coggan** concludes the series on investment trusts with a look looks at split capital trusts. **Page IV**

More laggards than leaders

Philip Coggan rounds up the best and the worst stock market performers from a grim year. **David Cohen** urges companies to give their workers a controlling interest for Christmas. **Harry Hopkins** recommends anti-dazzle spectacles for investors tempted by technological wizzardry. **Page V**

BRIEFCASE: *Pensions and gender* **Page V**

ELECTRICITY COMPETITION WINNERS

The two winners of the Financial Times electricity competition are Dr N Young of Chiswick, London and Mr J K Smith of Ayr, Scotland. Each accurately forecast that the company which was trading at the largest premium on the first day close would be Manweb.

On the second part of the question, we decided to give a prize to both the closest estimate of the number of applications and of the number of individuals that applied. Mr Smith's estimate of 5.75m was closest to the number of individuals who applied — 5.7m — and Dr Young's forecast of 8.26m was closest to the actual number of applications — a remarkable 12.75m. Mr Smith and Dr Young will each receive a case of Laurent Perrier champagne. *P C*

LONDON

High Street till bells fail to jingle

EXPECT some fixed smiles and glazed expressions when the Christmas presents are opened in 10 days' time. Nobody seems to have spent much money in the High Street for the last couple of months, so it looks like many stockings will be filled with the fruits of the government's latest privatisation: "Look Mummy – Aunt Dull bought me a hundred electricity shares too!"

November's provisional retail sales figures, released on Monday, revealed that Britain is suffering an annualised decline in volume sales of about 4 per cent. There has not been a comparable fall in retail sales for 10 years.

But while the High Street stores have stood empty, the tills of the government, and market-makers in the new electricity stocks have been ringing merrily.

The offer for sale – without doubt the most complex government flotation so far – was heavily over-subscribed, and the weighted package of partly-paid shares in all 12 companies rose to a premium of 50 per cent on the opening price on Tuesday.

But this time there was no slice of pie for the stags that usually pull Santa's privatisation sleigh. Presumably on the principle that Greed is not necessarily Good at Christmas, most of those investors who applied for more than 3,000 shares in each of the 12 regional electricity companies will receive nothing at all.

In fact, the euphoria in the electricity sector was comparatively shortlived. The prices of the 12 companies remained buoyant, but after the frantic buying and selling of Tuesday afternoon – about 780m shares were traded in the extended session after dealing began at 2.30pm – the market seemed to slip back into more routine business.

In this climate, "routine" means the constant threat of redundancy for some in the City, in spite of the boost to trading volume from the electricity flotation. Barclays de Zoete Wedd put 39 people in its UK equities department out of a job on Thursday and yesterday. Laing & Cruickshank cut its London brokerage staff by 23.

The unluckiest among them will join the growing total of unemployed in the UK. Like the retail sales figures, Thursday's news of the rise in the jobless total – up 57,600 to 1.76m in November – harked back to the dark days of the early 1980s: it was the biggest monthly rise since May 1981.

The stark conclusion that recession is deepening, beyond the government's initial forecasts partly explains the reluctance of the FT-SE 100 Index to break out of a narrow band beneath 2,200, in spite of the lighter mood in the Gulf. Footsie closed last night at 2,168.4, down 15 points on the week.

The poor unemployment figures followed weekend predictions by the Confederation of British Industry that UK unemployment might increase by more than a million by 1994 if wage and price inflation remained high.

For the time being at least, the government has wriggled off the sharpest inflation hook. Headline retail price figures issued yesterday showed a drop to 9.7 per cent in November, from the September and October peak of 10.9 per cent.

But in every other respect, Messrs Major and Lamont are still caught between industrialists on the one hand, calling for a cut in interest rates to relieve the recessionary pain, and the persistent weakness of sterling within the ERM, preventing such a cut.

On Monday, for example, sterling, now the weakest ERM member, fell more than two pfennigs against the D-Mark to its lowest point since June – DM2.8625, well below its central rate of DM 2.95.

Two days later, the Chancellor, with a candour which may mark him out from his predecessor, ruled out an immediate cut in interest rates and rejected devaluation of sterling within the ERM as a solution. The economic downturn, Norman Lamont conceded, might take longer and strike deeper than originally predicted; John Major's honeymoon, by contrast, looks shorter and shallower by the day.

Nervousness is still the prevailing sentiment in the market. For example, the fashion chain and mail order group Next, was forced into releasing a soothing trading statement on Thursday after its market value collapsed on rumours that the group was in crisis talks with its bankers. The price was down from 15¼p to 6½p at one point; but closed only 1p lower on the day.

Dealers seem to have got their predictions slightly closer to the mark in the case of Carlton Communications, the television services and manufacturing company, which has seen its shares fall sharply since their peak of more than 940p in September 1989. The group revealed a 13 per cent increase in pre-tax profits to £127m and pushed up its final dividend, but earnings per share were weakened by 1989 acquisitions and fell from 53.2p to 42.8p. Carlton shares ended the week 9p higher at 365p.

There was better news at last for Berisford International, the property and commodity group suffering the after-effects of an ill-fated foray into the New York property market. Last Saturday Berisford announced it was selling the subsidiary to Associated British Foods for £880m, ending a four-year struggle for control of the third largest European sugar producer.

On Monday, publication of Berisford's balance sheet demonstrated the urgency of the disposal. After the sale, net debt will come down from £921.6m (against shareholders' funds of £93.3m), to £246.9m – a somewhat more acceptable gearing level of 69 per cent. Berisford's profits have evaporated in a turbulent year: the group fell £96.1m into the red in the 12 months to the end of September, compared with profits of £107.3m before tax in 1988-89.

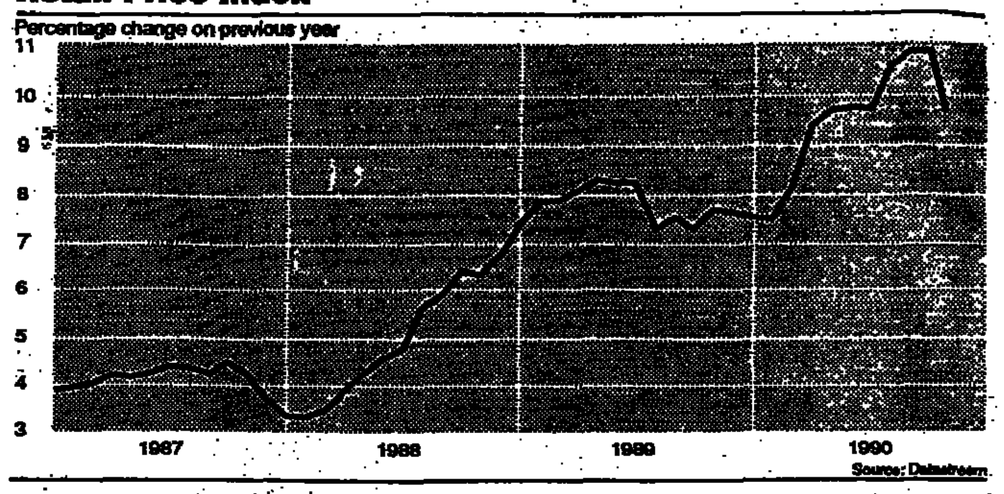
A year on from the water industry flotation, some water companies are plainly unable to stand by and watch the electricity privatisation from the sidelines.

Yesterday, it emerged that Welsh Water, at the receiving end of the frenzy to invest in the newly privatised stocks 12 months ago, had spent an initial £16.8m on a a 9.95 per cent stake in South Wales Electricity. Welsh is keen to exploit operational links between the two utilities. South Wales shares fell 1½p to 165½p yesterday, against the partly-paid opening price of 100p, but as City wags pointed out yesterday, the proposal to mix water and electricity could come as a shock to consumers and shareholders.

Andrew Hill

Retail Price Index

Percentage change on previous year



HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1990 High	1990 Low	
FTSE 100 Index	2168.4	-15.0	2463.7	1990.2	Fading hopes for base rate cut
Barclays	362	-28	428	290	Brokers' downgrades
Blick	157	+16	222	140	Good results
Bradstock Group	257	-20	278	194	Cautious statement
Courtney Pope	21	-7	170	15	Depressive annual results
Fitch	28	-5	238	15	Cautious statement
Granada	187	+10	357	133	Brokers upgrade
Hammerson 'A'	624	+37	659	510	Renewed bid speculation
Hawker Siddeley	418	-21	741	375	Profits downgrading
Lonrho	213	-16	296	182	Fears of Zimbabwe nationalisations
Next	13½	-6½	108	6½	Worries over financial position
Pilkington	173xd	+15	255	130	Renewed bid speculation
Standard Chartered	268	-19	616	235	Dropped from FT-SE index
T.I.P. Europe	64	+28	212	34	Tiphook acquires stake
Union Discount	560	-19	611	499	IEP Securities sells 28% stake

WALL STREET

Death in the driving seat

SAD STORIES of the death of capitalist kings – or, more realistically, opportunities for a quick profit presented by their demise – have occupied much of Wall Street's creative energies this week.

For the stock markets have had to consider the consequences of the passing of two giants of 20th century American industry: Dr Armand Hammer of Occidental Petroleum, who died on Monday night, aged 92, and William Paley of CBS, the entertainment business, who died in October at 89.

Dr Hammer, a man of immense entrepreneurial abilities, with an egotism to match, turned Occidental from a near-bankrupt little business in the mid-50s into the 16th largest industrial company in the US. But unfortunately this achievement has not translated into bounty for the company's shareholders.

Occidental's stock has badly underperformed the oil sector as a whole for more than a decade and its main attraction has been a particularly generous dividend yield. For while the company had a good record in discovering oil, Dr Hammer's furious buying and selling of assets – on the back of a mountain of debt – did not produce a good or consistent financial record. Yet he continued to rule the business with what was once described as a "whim of iron."

A few years ago, when it was rumoured he had slipped in his bath and hurt himself, Occidental's stock leapt upwards. And the same thing happened this week when news of his death emerged. For the market expects that his designated successor, an intense and retiring chemical engineer named Ray Irani, will rationalise the business and sell-off lots of poorly performing peripheral assets, such as interests in meat-packing, coal and gas pipelines.

Occidental might even attract a bid, although the company's heavy debt burden is likely to discourage predators in the current financially strained climate.

CBS, the company built up by Paley from humble beginnings in the 20s, has also had a chequered history over the past decade or so, slipping from its position as the premier television network into a poor third. Paley himself had long since stepped back from active management, but when he died in October his estate retained a 5.4 per cent stake in the business, which it needed to sell to cover death duties.

A means of disposal emerged this week when CBS announced plans to buy back up to 44 per cent of its shares for as much as $2bn – including most of the Paley stake. The move will give shareholders a premium over the recent share price, while not diluting their stake in the business. One of the biggest beneficiaries of the move will be Lawrence Tisch, the CBS chief executive, whose Loews Corporation owns nearly 25 per cent of the group, bought at a lower price.

The plan represents a big scaling back of the ambitions of CBS, for it will pay for the shares using a $3bn cash pile raised from disposals. And there is speculation on Wall Street that this could be the first step in the sale of the entire business – which is losing money and will have to cut its dividend next year – to another entertainment group.

Diminished imperial ambitions of a different kind were unveiled on Tuesday by Security Pacific, the Californian bank, which in the 80s expanded aggressively on the international stage, both in commercial and investment banking. Trapped by loan losses, runaway overheads and thin markets, it is retreating from Europe and Australia and pulling out of investment banking.

Although Security Pacific's problems are particular to it, the bank's move does underline the deep slump in the securities business and the capital constraints facing the US banking industry as it grapples with a huge portfolio of problem loans.

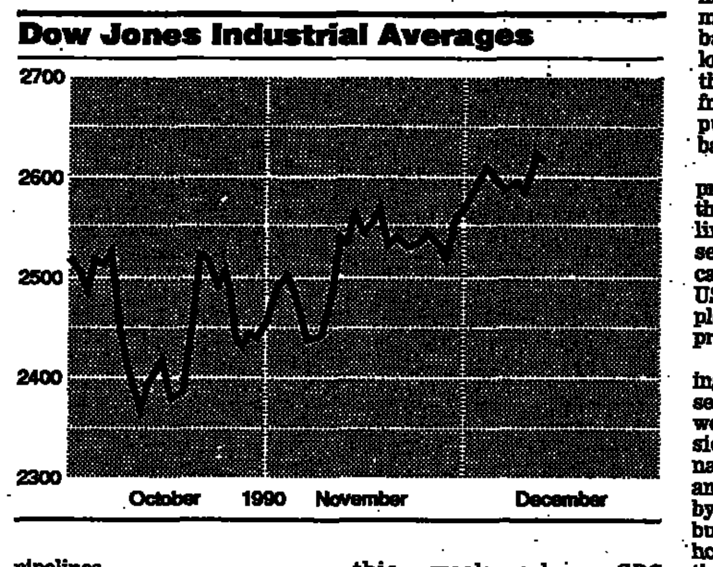
Souring assets are also causing problems in the insurance sector, a fact underlined this week by a very unusual decision by Equitable Life, the nation's third largest life insurance company, to raise capital by converting from a mutual business – owned by policyholders – into one quoted on the stock markets.

This swirl of disparate pre-Christmas activity did a little for the equity indices, which jumped upwards on Wednesday in hope of some fresh bid activity. But otherwise the markets continued to be dominated by the latest rumours of Middle East war and by the ever-mounting statistical evidence of a deepening domestic recession. Death, in one form or another, has been in the driving seat.

Monday	2596.78	+ 6.68
Tuesday	2586.14	– 10.64
Wednesday	2622.28	+ 36.14
Thursday	2614.36	– 7.92

Martin Dickson

Dow Jones Industrial Averages



SMALLER COMPANIES

Profits of a new dawn

SMALL COMPANIES have had such a dismal couple of years that many private investors must have become disillusioned.

But, as the old cliche runs, "It's always darkest just before the dawn" and many believe that this could be a time when small company stocks offer exceptional value.

One group of people which is definitely a member of that camp consists of the five men who this year set up Aberforth Partners, an Edinburgh-based company which will specialise in managing small company investments.

The five – John Evans, Richard Newbery, David Ross, David Warnock and Alistair Whyte – were all formerly employees of Ivory & Sime, the long-established management group based in Charlotte Square.

"We all had a strong desire to manage money", said David Warnock. "But we were caught between being a specialist manager and being part of a large house with distribution capability. As medium sized players our time was divided between marketing, managing money and managing the business."

"We also had a strong desire to be in business for ourselves", Warnock adds "and that meant we had to be specialists if we wanted to manage money. So we turned the normal fund management concern on its head, deciding the vehicles you use to invest money are not as important as the areas you decide to invest in."

Figures produced by Hoare Govett and the London Business School have showed that smaller companies outperformed their larger brethren in the long term. And Aberforth believes that the amount of analytical research on smaller companies has been reduced in recent years, with the result that they have been quite inefficiently valued by the market.

Aberforth believes that the higher returns achieved by smaller companies have resulted from, among other things, better earnings and dividend growth. In addition, these higher returns can be achieved without higher risk for investors who hold a diversified portfolio.

The number of companies that Aberforth can choose from is about 1,500 – with a market capitalisation of about £145m at the top end. But the group only looks at quoted companies since Warnock says "you need a huge amount of resources to look at the unlisted area."

"It's very dangerous to generalise about small company portfolios", adds Warnock "because there are so many types of company to choose from. So we intend to put together a portfolio of 100-120 stocks and concentrate on those."

Aberforth is not going to look at overseas small company stocks on the grounds it would dissipate research resources. "It would destroy what we regard as our unfair advantage over our competition" says Warnock.

The company has already launched its first venture – the Aberforth Smaller Companies Trust or ASCOT for short. This investment trust raised £15m via a placing by James Capel.

Ascot shares were issued at 100p and had slipped back to 98p by Thursday evening, but the value of the warrants meant that investors' holdings were effectively worth 104p. The warrants give investors the right to buy one new share at 100p and can be exercised between 1992 and 2003.

The aim of the new trust is to achieve a net asset value total return (assuming gross income is reinvested) greater than that achieved on the Extended Hoare Govett Smaller Companies Index (excluding investment trusts).

The standard HGSC index has outperformed the FTA All-Share Index in 27 of the last 35 years. The extended index is a new version compiled by Professors Elroy Dimson and Paul Marsh of the London Business School and includes companies on the USM and Third Market, as well as listed groups.

When selecting the individual companies, the Aberforth managers are devotees of "value investing".

"We believe in looking for sectors which have been de-rated against the market, and companies which have been de-rated against their sectors" says Warnock. "We also like companies which have been around a long time, have a good return on equity and a healthy dividend record."

One further criterion which Aberforth employs is somewhat unusual. "We also look for companies which do not have a high level of institutional ownership – those companies that are owned by institutions tend to have higher p/e ratios," explains Warnock.

This is not a great time to be building up a fund management business. Falling stock markets mean falling fees and many small groups in the field of unit trust management are being swallowed up by larger competitors.

Warnock admits that "It will take time to build up business." But he adds optimistically "If we can get started at a low point in the cycle, in five years time, we will have a hell of a track record."

Philip Coggan

COMPANY PROFILE

Barclays develops an aggressive edge

BARCLAYS, THE UK's largest clearing bank, hit the headlines this week with news that it is bidding for a Paris-based bank, l'Europeene de Credit. The deal would make Barclays by far the largest foreign bank in France. More important, it would also boost Barclays' drive to become one of the top banks in Europe ahead of the 1992 single market.

The sight of Barclays being so aggressive (last month it bought a bank in Germany) is something relatively new. Five years ago, it was viewed as a bit of a laggard: big but lazy. It took new management and the shock of seeing arch-rival NatWest surge into the lead to get the group going again.

Today, Barclays is back in the number one slot both in terms of its balance sheet size and profits. But that is not saying much because all the banks have been clobbered by hundreds of millions of pounds of bad debts.

In the first half of this year, Barclays earned £602m before tax, which was up only two per cent. Nearly half of this (£275m) came from the most traditional part of its business, the high street bank, and the treasury which deals in the money and foreign exchange market. But this was only half the amount Barclays earned from the same segment the year before, an indication of how heavily bad debts are eating into profit.

The next largest contributor was Barclays Financial Services, with £98m. This division sells the non-banking services, such as pensions, life insurance and investment management. Barclays is keen to develop this area because it allows the bank to make more of its customer base and branch network. Barclays has made no secret of the fact that it would like to buy a life insurance company if one became available.

Another reason why Barclays wants to diversify is that a well-known part of the bank – Barclaycard – is having a much tougher time because of intense competition in the credit card market. Although Barclays was the first bank into credit cards and remains the largest UK issuer, the business lost £12m in the first half of this year. Five years ago, Barclaycard was making profits of over £50m a year.

Another drag on earnings is Barclays de Zoete Wedd, the group's investment bank. BZW is Barclays' entry into the securities markets, stockbroking and merchant banking. But all those businesses are in the doldrums: At the half way stage, BZW had earned £28m, down from £42m in the same period of 1989 when the City was in much better shape. But Barclays remains strongly committed to BZW and it recently spent £111m buying out the minority shareholders.

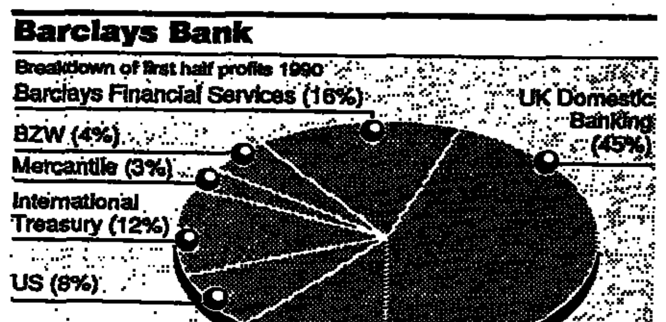
The remainder of Barclays' profits come from Mercantile Group, the leasing arm which is being partially sold off, and the bank's international businesses which are doing better now that the Third World debt problem has largely been provided for.

Analysts expect Barclays' profits this year to be about £1.3bn. But though that is twice last year's profits (which were hit by Third World losses), it will still be below Barclays' best year of £1.4bn in 1988. This is because UK bad debts are still mounting, and Barclays itself has warned that trading conditions are tough. Even so, Barclays has been a popular stock with analysts because of the group's forceful approach to its business, and the fact that its balance sheet is strong enough to make a rights issue unlikely.

The big question is how Barclays continues to grow. With competition in the UK market intensifying, expansion overseas, particularly in Europe, seems logical. But it is a route fraught with difficulties; few UK banks have fared well outside the British high street. The French deal suggests that Barclays thinks it can cope.

David Lascelles

Barclays Bank



BARCLAYS BANK — PRE-TAX PROFITS AND EARNINGS PER SHARE

	1985	1986	1987	1988	1989
Pre-tax profits (£m)	840	920	369	1391	692
Eps (p)	41.6	55.9	17.4	62.7	28.9

All figures for year to December 31

FINANCE & THE FAMILY

As a big financial services company collapses Sara Webb looks at the options for investors

Levitt Group: what you should do

BARLOW Clowes...Dunsdale... the Levitt Group... When will it end? To the private investor, it sometimes seems as if it is a case of one financial disaster after another.

Levitt Group, one of the largest private financial services companies in the UK, went into liquidation on Tuesday. Fimbra, the regulatory body, had ordered it to cease conducting business the previous Friday, after uncovering irregularities in the accounts.

Roger Levitt, the founder of the group and until recently its chairman and chief executive, was arrested on Thursday morning and was charged yesterday with stealing a total of £665,000 from two clients.

He has been released on bail of £500,000 and has made himself personally bankrupt.

The Metropolitan Police and Serious Fraud Office have launched a joint investigation into Levitt Group and they removed documents from the company's headquarters when they raided the premises on Thursday morning.

The liquidators, KPMG Peat Marwick McLintock, are co-operating with the police inquiry and are now looking at whether parts of the business can be sold off separately. Liabilities are expected to amount to about £40m.

You may be one of those people wishing they had never heard of Levitt Group: even if you did not have contact with the company, you should be aware of the dangers of buying policies from high pressure insurance salesmen.

Many of these salesmen are paid purely by commission. However personally honest they may be, they have every incentive to sell you policies that pay the highest possible level of commission. After all, they have to put food on their families' tables too.

The practices of such salesmen can lead to problems for the parent companies. Clients who agree, under pressure, to put their money into such investments are often likely to recant.

When they do, the sales company may have to pay back commission to the insurance group concerned. If that happens, the financial strength of the sales company is undermined.

Of course, if you do want to cancel such a policy in its early years, you will find that nearly all your investment has been eaten up by commission.

Try to resist high pressure sales tactics; if it is a good policy today, it will still be so next week and you lose nothing by stopping to think.

However, if you did have contact with Levitt Group, what should you do now?

> 'They are genuine bonds as far as I can see, but it is very worrying'

According to the liquidators, Levitt Group managed funds belonging to about 200 discretionary clients.

Levitt Group was authorised by Fimbra, the regulatory body, to conduct certain types of business: it was in the B3 category, which meant that it could manage portfolios of unit trusts and broker bonds but could not carry out discretionary portfolio management.

These 200 or so investors are mainly high profile individuals, according to Phil Wallace, one of the partners handling the Levitt liquidation.

The liquidators are very keen to hear from these individuals as soon as possible, as they would like to know further details of how the money was invested.

You can contact either Tim Hayward or Phil Wallace of KPMG Peat Marwick McLintock either at their offices in 1 Puddle Dock, Blackfriars, London EC4V 3PD or at Levitt House, 143 Great Portland Street, London W1.

In addition to these high net worth individuals who had their money managed by Levitt Group, about 5,000 people were thought to have been "active clients" with Levitt, buying mainly bonds and unit trusts through the company.

Mrs M, a retired head teacher, is one such client. When she retired, she used her lump sum to buy insurance policies with Hill Samuel, Prolific, Devonshire Life and Sun Alliance – and she bought the policies through Levitt Group. Now, like many other investors, she is wondering whether she really does own these policies.

"They are genuine bonds as far as I can see, but it is very worrying," she says.

If, like Mrs M, you bought policies through Levitt Group, you should check the following:

■ Did you make your cheque out to the insurance group or to Levitt Group? It is always a better idea, when you use a financial adviser, to make your cheques out to the company which actually provides you with the financial product rather than to the intermediary.

This should ensure that the money is passed on and not pocketed by the intermediary. However, it cannot guard against fraud, as a crooked intermediary could still alter a cheque made out to the insurance company and pay it into his own account.

■ You should look up the details of your policies and investments and write to the companies which actually provided the products enclosing full details of when and how much you think you have paid into the investment.

The company should be able to confirm that that is actually the case. However, if there is a discrepancy, you should get in touch with the liquidators and provide them with full details.

"Our advice to policy holders is to check directly with the insurance company named on their documentation.

"Should there prove to be inconsistency, policy holders should contact us direct," say the liquidators.

Roger Levitt, founder of Levitt Group

It was suggested in parliament this week that Levitt Group "doctored" certain policy documents. No evidence of this has been found so far, according to the investigators.

Levitt Group depended heavily on the commissions generated by its high pressure Sales team.

According to Clay & Partners, some of Levitt Group's clients were pushed into products which provided high commission, rather than more suitable, low commission products.

For example, clients were encouraged to take up policies on an annual premium basis, which gave commission of 50-60 per cent of the premium, whereas they would have been better off with a single premium policy, where the commission is only 3-4 per cent of the premium.

The question is, what do you do about managing your affairs now?

James Higgins of Chamberlain de Broe, financial advisers, warns that if you decide to seek advice from a new broker, you may be advised to sell all your investments and start again. Watch out! If this adviser operates on a commission basis, it may well be in his interest to tell you to sell your policies and buy new ones because he stands to benefit from the commission generated by selling you the new policies.

"Anxiety will usually drive the client into the arms of a new broker who will have to undertake some basic research. He will no doubt have to spend a considerable amount of time reassuring the client and explaining to him exactly what the various policies do," says Higgins, a fee-based adviser.

"How is the broker remunerated for this work? He might charge a fee for his time, but such practice is alien to most brokers. More likely he will identify a few investments which could be altered and will switch them to generate a commission – otherwise known as churning."

Higgins suggests that if you do switch your investments to another broker and ask for his advice, you should negotiate a fee and a full commission rebate in order to make sure that any alterations to your portfolio really do constitute the best advice.

Clare Pearson looks at who got what in the regional electricity offer

Winners and losers in the power sale

KLEINWORT Benson, financial adviser to the government on the offer for the 12 regional electricity companies, insists the aggrieved phone calls that its offices and various newspapers have received are distorting a real picture of public satisfaction with its allocation policy.

The majority of applicants are happy, it says, because they applied asked for just small amounts in their local companies, and 97 per cent of customers got an allocation, despite the 10.7 times average subscription for the shares.

The squeals of dismay appear to be from larger applicants cut out in the allocation process.

But they have exposed two main weaknesses in the offer structure: first,the strictures imposed by Stock Exchange rules and, secondly, the way application cheques were dealt with.

Local investors could have received better allocations had Stock Exchange rules not demanded that an offer for sale be made to the public at large, and not solely to customers.

Kleinwort was, however, allowed to favour customers over non-customers.

Broadly, this meant that, at the maximum, 75 per cent of the public shares in a company could go to local applicants.

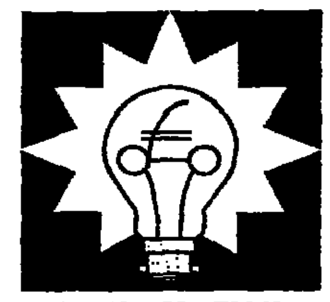
This helped in areas where local applications were lower. For instance, South Wales' offer was 15.8 times subscribed, but only 11.5 per cent of applications were made on customer forms.

So customers who applied for larger amounts of shares got significantly more than in other areas.

It was, however, of little help for luckless customers of Seeboard's offer, who appear to have accounted for many of this week's expressions of outrage.

Seeboard's offer was 13.2 times subscribed and 38 per cent of applications were made on customer forms.

Non-customers were allocated just 90 shares, but even local investors got a maximum of 100 and none at all if they applied for 1,500 or more.


PRIVATISATION

But what has really upset people this week is that cheques have been cashed by the government where no shares were allocated: a measure which departs from normal new issue practice.

There seem to have been a few mistakes where people who applied for shares in just one company had their cheques cashed.

But broadly the people affected, accounting for perhaps 3 per cent of customer applications, made big applications in more than one company using their customer forms.

> Building societies have special deals for disappointed investors

Because they wrote on both sides of the form, the cheque had to be detached when the applications were analysed.

It then became impossible to put the two together again and the cheques were cashed as if the applications had been successful.

According to government advisers, if one were fully abreast of the logistics of of handling the applications, it would be clear why this had to be done; the same process occurred in last year's water flotation though then hardly anyone was affected.

That may be so, but it is certainly easy to sympathise with applicants who point out that the government mounted a big advertising campaign encouraging people to to register for these forms.

They followed the guidance only to find that they would have been better off using a public application form.

It may be some comfort to such disappointed investors that three building societies have this week announced special tailor-made deals for them.

Town & Country announced that investors who have withdrawn savings to purchase shares – and have not received the full amount – will be able to reinvest without losing any interest.

Bristol & West is offering back-dated interest to all investors who use their refund cheques to invest in the society's Treble Rate Bond.

Investors who apply before December 31 will receive interest backdated to December 4.

Existing savers, who reinvest their refunds, will also receive interest from that date.

National & Provincial is offering 15 days of extra interest – or £10 of electricity stamps – to those who reinvest their refund cheques into their existing accounts (for old customers) or the Instant Reserve savings account (for new customers).

The latter will be expected to keep their account open for at least three months.

Finally, do not imagine that now the regional offer is history that is the last you will hear of electricity.

The sale of the generators, National Power and PowerGen, is just around the corner, scheduled for February.

Government advisers say this will be a low key affair and people who registered for shares in the regional companies can expect a mail shot about it early in the New Year.

FINANCE & THE FAMILY

David Lascelles on how banks are tackling customer confidentiality

End of the secret service?

HOW SAFE are your secrets with your bank? The issue of banking confidentiality has sprung up again following two initiatives taken by the banking industry over the past ten days. Both make clear that while the customer can expect his bank to respect confidentiality, there are limits as to how far it is prepared to go.

Unlike many countries, such as Switzerland, the UK has no statute on banking confidentiality. What right the customer has is enshrined in the banks' "duty of confidentiality" which is protected by common law but not closely defined.

Last week, the banks issued their draft Code of Practice which affirms this duty in one clause – "Banks observe a strict duty of confidentiality in accordance with the law concerning the disclosure of information about their customers' affairs". This is immediately followed by two further clauses of exceptions. These are:

- where a bank is compelled by law to disclose information, for example by court order or Act of Parliament. Cases of suspected drug trafficking are a specific example;
- where there is a public duty to disclose, for example, in times of war;
- where the bank's own interests require disclosure, mainly when trying to recover a bad debt;
- where the customer requests disclosure;
- within the bank to prevent loss or fraud;
- and within the bank to enable other parts of the group to market their services to customers.

Potentially, the most controversial of these is the last. What right does the bank have to use information gathered through a banking relationship to try and sell that customer life insurance or credit cards, for example? Although the code says that banks will ensure that information is treated with the same confidentiality all through the group, this may well be an area where the draft will have to be tightened up.

Earlier this week, the banks pointed to another loophole when they published a set of guidelines to crack down on money laundering (a practice used by drug pushers and terrorists to make their ill-gotten gains look legitimate).

The guidelines tighten up the conditions for opening a bank account. They make clear, for example, that a birth certificate, provisional driving licence or credit card will not be sufficient identification. A passport or a full driving licence are best, and the bank should also seek a face-to-face meeting.

The guidelines also stress that banks have a duty under various statutes to keep an eye open for suspicious transactions and report them to the authorities, in this case the National Drug Intelligence Unit, a joint police and customs agency. If they fail to, they could expose themselves to charges of complicity under the Drug Trafficking Offences Act of 1986.

The Act says that while handling drug money is a crime, it is a defence for banks either to plead ignorance or to have disclosed their suspicions to the authorities. The Act also allows the authorities to permit a bank to continue running a suspected account in order to trap the offender.

The sort of suspicious transactions banks have been told to look out for include: unusually large movements of money; large deposits of cash; instructions for payment of large sums in cash overseas; frequent exchange of cash into other currencies; and frequent requests for travellers' cheques or other negotiable instruments. In all, there are 44 tell-tale signs. The guidelines also recount five specific cases where information from a bank led to the arrest and conviction of a drug offender.

Graham Kentfield, the Bank of England official who helped draw up the guidance notes, says that honest people have nothing to fear because investigations will quickly ascertain that their affairs are above board.

At least the UK system does not follow that in the US, where banks have to report all international transfers above $10,000. Detective Inspector Tim Wren of the NDIU said that he favoured a system that was based on suspicions rather than blanket reporting, because it was more effective.

There are worries, however, that the powerful strictures imposed upon banks by the law, and now enunciated in the guidelines, will put pressure on them to report much more than they did before.

Michael Hyland, who is in charge of security at the Midland Bank, says that banks are "very sensitive" to the confidentiality question: "But the guidance notes don't create any problem. They only codify existing regulatory obligations."

In one sense, the banks have done a useful job in clarifying the position on confidentiality with these two documents. Although neither says anything new, they explain the issues in layman's terms. Relatively few bank customers know precisely what their rights are when it comes to banking secrets. But now that more do, more may also be disturbed to learn they are not quite what they thought.

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
Amersham Int'l	12,000	37	2*
BAA	44,000	177	1*
Beckenham Group	150,000	60	1
Boots Co	215,000	712	1*
British Petroleum	63,000	217	1*
Gent (S.R.)	20,000	16	1
Hammerson "A"	8,000	46	1
IMI	100,000	211	1*
National Home Loans	83,182	66	1*
Nu-Swift	5,000	24	1
Parkland Textiles	9,401	14	1
Penny & Giles	5,000	11	1
Rathbone Bros	25,000	36	1
Rocord Holdings	20,000	16	1
RMC Group	2,000	13	1
St James Place Cptl	500,000	337	1
Shandwick	2,000,000	1,800	1
Steel Burrill Jones	90,000	243	1
Stylo	78,000	222	2
Tops Estates	7,000	10	1
United Biscuits Hld	236,395	725	1*
Whitbread 'A'	49,400	217	1*
PURCHASES			
Parkland Textiles	8,401	12	2
Ropner	15,000	18	2
Sharpe & Fisher	340,000	289	2
St James Place Cptl	1,000,000	687	1
Whitegate Leisure	200,000	24	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 3-7 December 1990

Source: Directus Ltd, Edinburgh

DIRECTORS' TRANSACTIONS

THE MOST notable feature of this week's list is the considerable number of share options exercised and subsequently sold. This trend has been notable over the last couple of months with particular examples being Marks and Spencer, Unilever and Boots.

It is not a positive sign, as the directors are reducing their exposure to the share price. However, in smaller company stocks, the trend has been for directors to sell a portion of their options in order to buy the balance.

Few small textile companies have performed well recently. S.R. Gent is one exception, but three directors have been lightening their holdings at prices ranging from 74p to 85p. The group's principal customer is Marks and Spencer.

A trust in which two directors of Sharpe & Fisher are beneficiaries has acquired almost 600,000 shares in the last three months. The company is involved in the distribution of building materials.

The largest sale last week was in Shandwick where Peter Gummer, the chairman, sold 2m shares to the company employee share ownership plan at 90p per share.

In St James Place Capital (formerly J Rothschild), Lord Rothschild has been purchasing stock from a fellow director, Nils Taube. Similarly, in Parkland Textiles directors are buying and selling between each other.

Angus Macdonald, Directus Ltd

Philip Coggan looks at trusts that offer a choice of strategy

Risk takers can do the splits

THE VERY term "split capital investment trusts" is exactly the kind of jargon that turns many people off the whole idea of investing.

But although the name is a mouthful, these trusts can be an appetising investment, provided you buy them with your eyes open.

Those who want to "punt" the market, for example, might find capital shares, or even warrants on capital shares, one of the most exhilarating ways of doing so. The rewards could be spectacular but you are just as likely to lose all, or nearly, all your money.

The idea behind split capital shares is simply the recognition that different kinds of investors want different types of return. Some investors, pension funds or retired people, primarily want income from their shares. Others have no need for income but want capital growth. With most shares, and with most trusts, the two returns are linked together. With split capital trusts, they are separated.

Capital shares benefit from all the capital growth (or decline) on a trust's portfolio; income shares get all the income. Supposing that a trust had 20m shares of £1 each, of which 10m shares are capital and 10m income. The trust was trading at asset value of £20m.

If the value of the trust falls to £12m, then there will still be £1 of assets to repay the income shares. But there will be only £2m left to repay the capital shares, whose value will thus fall from £1 to 20p, a fall of 80 per cent. But if the trust's value rises to £25m, the capital shares will have claim on £15m of assets and will have risen in value by 50 per cent.

So capital shares will both rise and fall more than the general level of the market.

This is the third part of our series on investment trusts. The fourth part — on investment trust PEPs — will appear next week

Income shares, in contrast, resemble the preference shares issued by many major UK companies. They have a fixed value and normally must be repaid before the capital shares.

But the advantage over a conventional preference share is that investment trust income shares offer holders the prospect of steadily growing income payments. This is due to the fact that the trust is likely to be receiving a rising stream of dividends from the companies they invest in.

There is still a risk for investors, however. Because of the high level of dividends they pay, income shares can trade at a premium to their wind-up value. As the date for that wind-up approaches, however, the share price inevitably falls back until it reaches the repayment price, leaving investors with a substantial capital loss.

A simple split between capital and income is not the only way a split capital trust can be constructed. Scottish National, for example, has four classes of share: capital shares; zero dividend preference shares, which increase in value by a fixed amount over the life of the trust; stepped preference shares, where the dividend steadily increases every year; and income shares, where the asset backing increases.

A more common form of split trust offers a combination of ordinary income shares and zero preference shares. The ordinary income shares are volatile investments.

You need to be very careful before investing in split capital trusts – the risks can be great. But the rewards can also be substantial. Many of the best performing investment trust shares over the past ten years have been the capital shares of split trusts.

Teams put faith in sector

AN OPTIMISTIC view of the investment trust sector was taken by the two leading analyst teams which produced heavyweight annuals on the industry this week.

In spite of the gloom caused by the takeover of Globe, the largest trust, the Laing & Cruickshank team argues: "A surge in aggressive corporate activity (ie other takeovers) is now less likely than it was before the bid." Discounts have narrowed in recent years and there are few trusts which have potential predators with substantial stakes.

Laing & Cruickshank argues that "those looking for blood to be spilled are more likely to find the action amongst the myriad of smaller issues which have fallen from favour", rather than at the large general trusts. The authors argue that "each fashionable new theme, be it specialisation in the Far East, Europe or the emerging markets has been seized on too enthusiastically."

However, Laing & Cruickshank lists 15 reasons to be positive about the sector and concludes: "There is no better form of equity investment for the investor of limited means."

The Warburg Securities team is similarly upbeat, arguing: "The demise of Globe has coincided with a huge worldwide demand for closed-end funds." Trust managers do not need to rely on replacing disillusioned UK institutional investors with private clients; they can tap demand from overseas institutions.

When it comes to attracting private investors, the Warburg team argues for a radical approach. "Investment trusts must join forces with other institutions such as banks, building societies and financial intermediaries to create products that are wrapped around investment trusts." These should be "necessary" products such as mortgages, pensions, life assurance, private health care and school fee savings plans.

However, the Warburg team is less sanguine about moves to encourage cut-price share dealing systems in investment trusts. While this may be appropriate for large general trusts, the team feels more complex instruments, such as split capital shares, should only be bought by clients after specialist advice.

P. C

Levitt highlights commission problem

THE LEVITT affair has, among other things, highlighted the need for investors to know at the time of sale the amount of commission being received by an intermediary.

Now Peter Lilley, Trade and Industry Secretary, has given the Securities and Investments Board another, and possibly final, opportunity to provide investors with adequate and meaningful information on the charges. It has 18 months to produce a set of rules that will be accepted by the Office of Fair Trading.

Under the existing rules, an investor, taking out a contract through an independent financial adviser, will be told by the life company involved, after the sale has been completed, the amount of commission paid to the adviser, expressed as a percentage of the premium. If the contract was brought through a company representative, then no details are given concerning his remuneration from the sale.

But, in addition, all investors buying life or pension contracts from whatever source will be informed, again after the sale, the level of expenses on the contract, expressed as a percentage reduction in yield.

Earlier this year we argued that these rules on disclosure would not achieve their objective because the information was given after and not at the time of sale and in a form not readily understood by the average investor – that article that brought a strong letter of criticism from the chairman of the Life Insurance Council of the Association of British Insurers, Michael Pickard. But it seems that Lilley shares the *FT*'s concern.

On commission disclosure, it is hard to see an alternative to cash disclosure at the time of the sale.

SIB could follow the basic format set out in the final section of the With Profits Guide, produced by all traditional life companies. However, any disclosure agreement should show, in money not percentage terms, the expected proceeds with and without expenses.

Eric Short

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
High interest cheque	4.00	4.10	3.30	monthly	1	under 5,000	0-7
High interest cheque	8.10	8.40	6.70	monthly	1	5,000-9,999	0
High interest cheque	8.30	8.60	6.90	monthly	1	10,000-24,999	0
High interest cheque	8.50	8.80	7.00	monthly	1	25,000-49,999	0
High interest cheque	9.10	9.50	7.60	monthly	1	50,000	0
BUILDING SOCIETY†							
Paid up share	6.00	6.09	4.87	half-yearly	1	1-250,000	0
Instant Xtra	8.95	8.95	7.16	yearly	1	500-1,999	0
Instant Xtra	9.20	9.20	7.36	yearly	1	2,000-4,999	0
Instant Xtra	9.45	9.45	7.56	yearly	1	5,000-9,999	0
Instant Xtra	9.70	9.70	7.76	yearly	1	10,000+	0
90-day	9.45	9.67	7.73	half yearly	1	500-9,999	90
90-day	10.20	10.46	8.37	half yearly	1	10,000-24,999	90
90-day	10.70	10.99	8.79	half yearly	1	25,000-49,999	90
90-day	11.20	11.51	7.21	half yearly	1	50,000+	90
NATIONAL SAVINGS							
Investment account	12.75	9.56	7.65	yearly	2	5-25,000	1 mth
Income bonds	13.50	10.12	8.10	monthly	2	2,000-25,000	3 mths
Capital bonds	13.00	9.75	7.80	yearly	2	100 min.	3 mths
35th issue♦	9.50	9.50	9.50	not applica	3	25-1,000	8
Yearly plan	9.50	9.50	9.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applica	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	10.23	10.73	8.59	monthly	1	2,500	0
Provincial Bank	10.24	10.73	8.59	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
8pc Treasury 1991	11.44	9.38	8.15	half yearlY	4	-	0
8pc Treasury 1992	11.36	9.30	8.06	half yearly	4	-	0
10.25pc Exchequer 1995	10.92	8.32	6.76	half yearly	4	-	0
8.5pc Treasury 1994	11.01	8.80	7.47	half yearly	4	-	0
3pc Treasury 1992	8.98	8.18	7.71	half yearly	4	-	0
Index-linked 2pc1992§§	12.38	9.39	9.09	half yearly		-	0

*Lloyds Bank.†Halifax 90-day: immediate access for balances over £5,000.♦ Special facility for extra £10,000 §Source:Phillips and Drew. §§Assumes 6.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

The Week Ahead

THE REPORTING season for the ten water companies draws to a close next week when Southern and Wessex announce results for the six months to September on Monday and Tuesday respectively.

The range of analysts' expectations for Southern's pre-tax profits is £45-£50m. Wessex, likely to attract more attention at the moment week following news this week that Lyonnaise des Eaux Dumez, the French company, had sold its 6 per cent, is expected to announce £30-35m pre-tax. Dividend increases for both should be around 15 per cent, about the average for the ten.

Gestetner, the office equipment and photocopier distributor, is expected on Monday to report pre-tax profits of just over £50m for the year to October 30. Interest will centre on how the company is progressing with its integration of the non-US operations of Nashua Office systems.

In a quiet week, other reporting companies include Triplex Lloyd, the engineering group, NFC, the freight specialists, and Yorkshire Television.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
Autos Distinction	12½	12	13	4.04	Cargo Control
BTS	13½	12	15	2.21	Waverley Cameron
Birmingham Mint	85*	85	60	12.19	IMI
Capital Leasing	Ir44*	Ir41	Ir18½†	Ir12.47	BNP
Carroll (P.J.)	Ir160*§	Ir152½	Ir125	Ir72.84♣	Rothmans Intl.
Colroy	180*	178	158	16.5	Gleeson
Davies&Met Ord.‡	275*§	272	270	13.48	Thyssen Ind.
Davies&Met A ‡	265*§	262	250	4.85	Thyssen Ind.
Foseco	300*	297	188	259.0	Burmah Castrol
Klark-Teknik	69*	68	63	11.00	Mark IV
McLaughlin&Harvey	135*	152	130	7.47	TBF Thompson
PML Group	19*	18	16	3.56☆	Rapallo
Priest (B.)	141.25*	139	90	58.87	Intl. Marine
STC	327*§	322	291	1.9bn	Nthn Telecom
Xtra-Vision	Ir5	Ir6	Ir7	Ir4.64	Cambridge Group

*All cash offer.††Cash alternative. §For capital not already held.‡Unconditional.**Based on 2.30pm prices 14/12/90. †At suspension. §§Shares and Cash. ♣ Value of 61.3% not already owned. ☆ Includes offer of 100p cash for each 100p nominal conv. 1995 loan stock

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Acorn Investment	Oct	n/a	(n/a)	2.66	(-)	1.0	(-)
Airtours	Sept	6,310	(5,210)	27.2	(20.8)	8.25	(7.0)
Albion	Sept	824	(951)	14.0	(15.4)	3.2	(3.1)
API Group	Sept	1,860	(1,880)	6.0	(6.8)	6.75	(6.75)
Archer AJ Hldgs.	Sept	5,660	(6,340)	16.5	(17.1)	8.4	(8.0)
Baggeridge Brick	Sept	5,210	(9,720)	8.5	(15.9)	3.12	(3.12)
Berisford Int'l.	Sept	96,100L	(107,300)	-	(15.7)	-	(6.2)
Blick	Sept	5,700	(5,400)	19.6	(18.6)	7.0	(6.6)
Bradstock Group	Sept	8,100	(6,170)	17.6	(14.2)	9.0	(7.5)
Carlton Comms.	Sept	127,000	(112,000)	42.8	(53.2)	14.1	(9.4)
Carr's Milling	Sept	516	(1,070)	-	(11.1)	7.5	(7.5)
Charterhouse	Sept	42,100	(40,980)	-	(-)	-	(-)
Chemring Group	Sept	3,970	(4,710)	48.6	(61.5)	26.95	(24.5)
Chrysalis Group	Aug	5	(11,500L)	1.6	(-)	4.0	(4.0)
Compass Group	Sept	29,500	(25,100)	28.8	(24.7)	10.35	(9.0)
Countryside Prop	Sept	8,130 L	(20,300)	-	(36.9)	4.11	(4.0)
Cronite Group	Sept	1,220	(2,310)	7.0	(11.2)	4.0	(4.0)
Devenish JA	Sept	11,260	(14,020)	15.5	(23.0)	5.3	(4.65)
Doctus	Sept	11,430	(8,440)	18.1	(16.0)	3.5	(3.05)
Eurocopy	Sept	11,320	(7,070)	15.3	(10.4)	4.0	(3.0)
Euromoney	Sept	8,820	(7,450)	27.9	(24.0)	18.5	(16.0)
Gaynor Group	Aug	1,540 L	(123)	-	(1.5)	-	(1.2)
Granada Group	Sept	121,000	(164,100)	22.5	(30.1)	12.3	(12.3)
Greenall Whitley	Sept	62,230	(52,000)	34.8	(28.1)	10.0	(8.7)
Hardanger Prop.	Sept	6,040	(8,370)	49.9	(85.6)	16.87	(28.1)
Hardys & Hanson	Sept	6,340	(5,360)	81.8	(69.2)	33.5	(28.1)
Hoskyns Group	Oct	17,250	(15,230)	13.0	(12.0)	2.4	(2.1)
Johnson & Firth	Sept	12,310	(10,220)	6.4	(5.2)	3.0	(2.6)
Lee (Arthur)	Sept	5,120	(7,740)	11.0	(16.3)	5.9	(5.8)
Perpetual	Sept	1,700	(1,700)	4.97	(4.66)	2.5	(2.5)
Polar Electronic	Sept	1,320	(1,230)	10.4	(12.3)	4.5	(2.5)
Ramsden's Harry	Sept	549	(600)	6.6	(5.1)	3.5	(-)
Regina Health	June	4,700L	(754)	-	(2.31)	-	(-)
Richards	Sept	2,820	(2,770)	9.18	(8.96)	4.0	(3.75)
Sanderson Elec.	Sept	3,300	(3,000)	24.8	(23.0)	3.0	(7.5)
Stakis	Sept	30,600	(27,110)	12.1	(9.22)	2.7	(2.31)
Sturge Holdings	Sept	31,460	(31,160)	38.8	(36.3)	16.5	(15.0)
Tilon Holdings	Sept	920	(1,420)	5.42	(8.68)	2.99	(2.9)
TSB Channel Isle	Oct	9,190	(6,810)	23.7	(17.9)	-	(-)
Vaux	Sept	35,800	(31,600)	20.3	(18.6)	8.76	(7.84)
Venture Plant	Sept	1,150 L	(1,580)	-	(8.3)	-	(-)
Watson & Philip	Oct	5,020	(3,750)	21.3	(16.9)	11.6	(10.1)
Wolves & Dudley	Sept	31,800	(30,630)	36.0	(31.0)	9.3	(8.2)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Airsprung Group	Sept	1,350	(903)	2.63	(2.32)
Assoc. British Eng.	Sept	74 L	(431)	-	(-)
Berkeley Group	Oct	4	(2,200)	1.5	(1.5)
Bio-Isolates	June	240	(48)	-	(-)
Borthwicks	Sept	129	(1,760)	0.5	(0.5)
Boscombe Property	Sept	125	(32 L)	40.0	(25.0)
British Land	Sept	10,100	(24,100)	1.88	(-)
Bromsgrove Industs.	Sept	4,110	(3,320)	1.45	(1.3)
BSS Group	Sept	6,080	(6,830)	5.75	(5.75)
Bulmer HP	Oct	8,070	(7,640)	3.2	(2.88)
Campbell & Armstrong	Sept	304	(1,610)	1.0	(1.65)
Charter Consolidated	Sept	41,400	(38,500)	7.0	(6.5)
Chartwell	Sept	564	(519)	-	(-)
Chloride Group	Sept	4,400	(5,000)	-	(0.55)
Clarke Hooper	Oct	1,730	(1,650)	1.7	(1.6)
Clayhithe	Sept	2,510	(2,070)	1.8	(1.8)
CLF Yeoman	Aug	3,270†	(8,060†)	-	(2.5)
Cray Electronics	Oct	788	(3,180 L)	-	(-)
Creightons Naturally	Sept	502	(117)	1.8	(1.6)
Crown Eyeglass	Sept	79	(174)	-	(-)
DBS Management Group	Sept	429	(210)	-	(-)
Dowty Group	Sept	37,100	(37,000)	3.6	(3.5)
ERF (Holdings)	Sept	1,370 L	(3,740)	2.0	(4.0)
Eve Group	Sept	2,320	(2,300)	2.7	(2.6)
Ferranti	Sept	20,400L	(15,400L)	-	(-)
Fine Art Development	Sept	4,100	(4,000)	2.5	(2.3)
Fobel International	June	578 L	(592 L)	-	(-)
Fuller Smith & Turn.	Sept	4,330	(3,890)	2.1	(1.86)
Greycoat	Sept	13,230	(8,710)	2.3	(2.3)
Halma	Sept	6,200	(5,636)	0.92	(0.71)
Hobson	Sept	89 L	(177 L)	-	(-)
Johnson Matthey	Sept	32,500	(33,500)	3.0	(2.5)
Jones Stroud	Sept	2,700	(3,460)	3.00	(3.00)
Leica	Sept	859 L	(-)	0.28	(-)
London Merchant Secs	Sept	13,710	(11,830)	0.8	(0.8)
M&G Second Dual Tst	Nov	1,700	(1,500)	13.1	(11.4)
MS International	Oct	145	(1,200)	1.0	(1.0)
NMC Group	Sept	4,000	(5,390)	1.25	(1.25)
Northamber	Oct	219	(2,150)	-	(-)
Platon International	Sept	103	(165)	-	(-)
Plysu	Oct	4,000	(2,650)	1.35	(1.0)
Racal Electronics	Oct	97,400	(82,500)	1.05	(0.95)
Racal Telecom	Oct	122,200	(75,100)	2.6	(0.75)
Robertson Group	Sept	2,610	(2,740)	0.95	(0.87)
Scottish & Newcastle	Oct	114,500	(87,400)	5.1	(4.42)
Severn Trent	Sept	135,000	(55,000)	5.85	(-)
Smith New Court	Nov	4,100	(2,000)	0.5	(-)
Southend Property	Sept	2,610	(4,300)	1.32	(1.2)
Stewart & Wight	Sept	150	(106)	-	(-)
Sutherland Holdings	Oct	1,700	(264 L)	0.9	(0.85)
3i (Investors)	Sept	27,600	(42,200)	3.3	(3.3)
Tinsley (Eliza)	Sept	550	(548)	1.8	(1.8)
Umeco	Sept	411	(378)	1.65	(1.57)
Unit Group	Sept	1	(477)	-	(2.5)
United Industries	Oct	693	(1,360)	0.5	(1.2)
Wardell Roberts	Sept†	1,610	(1,120)	1.21	(1.1)
Wellman	Sept	1,170	(880)	0.8	(0.75)
Whitecroft	Sept	3,580	(7,340)	4.6	(4.6)
Wiggins Group	Sept	889 L	(806 L)	-	(-)
Wilton Group	June	436 L	(341)	-	(-)
Xtra-Vision	July	8,940†L	(1,050†)	-	(-)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.† Figures quoted in Irish pounds & pence.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Caspen Oil this week made its debut on the USM after two years on the Third Market.

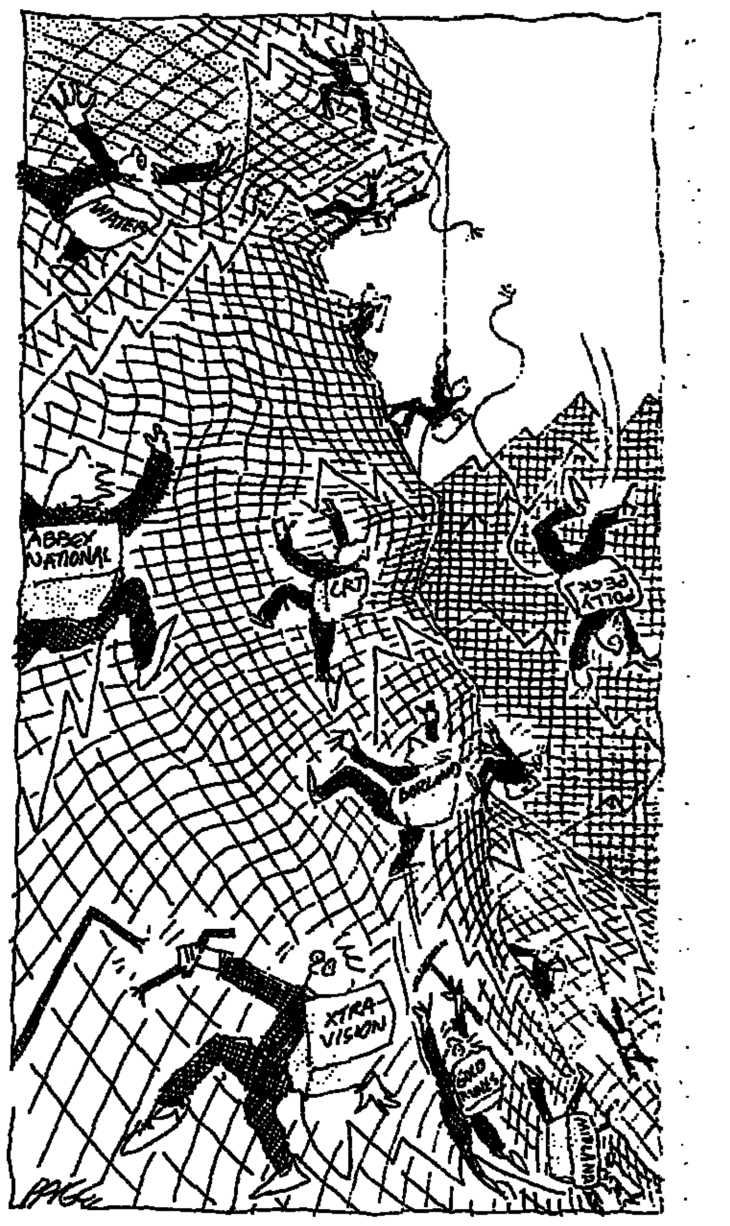
RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Abbey Panels Investments	Thursday	1.5	2.0	-
Circaprint Holdings	Monday	-	2.4	-
City Site Estates	Wednesday	0.8	0.8	0.96
EFG	Thursday	1.25	2.25	1.25
Electronic Data Processing	Monday	0.7	1.95	0.775
Gestetner Holdings	Monday	1.5	6.0†	1.7
Gold Greenlees Trott	Tuesday	3.3	5.0	-
Kelsey Industries	Friday	4.125	18.375	8.0
Lynx Holdings	Monday	-	-	-
Midland Radio	Tuesday	-	-	2.5
NFC	Thursday	1.2	1.25†	0.8
Reece	Monday	-	0.33	-
River Plate & General Inv.	Thursday	3.0	4.7	3.0
Thornton GW Holdings	Tuesday	2.0	2.75	2.0
United Scientific	Tuesday	-	2.0	0.5
Yorkshire Television	Tuesday	3.3	8.0	3.3
INTERIM DIVIDENDS				
Abtrust Scotland Invest. Co.	Friday	-	0.45	-
Braithwaite	Tuesday	1.4	5.5	-
Brasway	Monday	0.24	0.54	-
Brit. Building & Engineering	Wednesday	1.0	1.5	-
CH Industrials	Tuesday	1.2	3.825	-
Danae Investment Trust	Thursday	3.375	4.575†	-
Ensor Holdings	Tuesday	1.25	2.05	-
F & C Smaller Companies	Tuesday	0.45	1.05	-
Flextech	Thursday	-	-	-
Forminster	Friday	3.03	7.19	-
Harrisons Industries	Wednesday	2.3	5.0	-
Henderson Highland Trust	Tuesday‡	-	-	-
Levercrest	Tuesday	-	-	-
Moslac Investments	Monday	3.0	4.25	-
Quilligotti	Monday	0.76	1.44	-
Southern Water	Monday	10.02	10.02	-
TGI	Thursday	2.2	4.0	-
Tinsley Robor	Tuesday	0.75	1.35	-
Triplex Lloyd	Tuesday	2.5	4.5	-
Waterglade International	Friday	1.95	2.75	-
Wessex Water	Tuesday	-	10.41	-
West Trust	Thursday	0.28	0.25	-
Westpool Investment Trust	Tuesday	0.35	1.85	-
Worthington AJ Holdings	Monday	-	0.625	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.† 2nd interim dividend.‡ 3rd quarter figures.

Philip Coggan reviews a poor year for investors in a round-up of stock market leaders and laggards

Tough at the top — and worse at the bottom



THIS HAS not been a year for investing. The best strategy has been to lie in a darkened room and wait for 1991. The FT-A All-Share Index has fallen 12.8 per cent to date; the FT-SE-100 has dropped by 9.9 per cent.

This has been the worst calendar year for stock markets since 1976, the last time that the All-Share ended December at a lower level than it began January.

Few individual shares prospered in 1990. Only one – Borland International – doubled its share price; in 1989, eight did so. The tenth-rated share of 1988 – a rather dull year for stock markets – would have topped the 1990 list.

The laggards tell a similar story. In 1989 there were no share price falls of more than 90 per cent in the laggards list, and in 1988, there was just one. This year, the share prices of all ten companies in our laggards list fell more than 90 per cent – and those were the companies that survived. The list of companies in receivership and administration grew longer as the year went on – and in those cases shareholders lost 100 per cent of their money.

Small companies performed particularly badly – the USM index fell by 32.9 per cent – but as the list of FT-SE leaders and laggards shows, the larger groups did not escape the air of gloom. Nearly three quarters of the FT-SE stocks fell in price over 1990.

One of the best chances for the investor to prosper in 1990 was to invest in stores. Five of the top ten FT-SE stock were retail groups and seven of the top 20. Such a strategy would not have been foolproof – Sears shares fell by 24 per cent – but stores were one of only three sectors which rose during the year. Retailers have been out of favour with investors for so long that the shares of the better quality groups appeared to offer value.

FT-SE stocks

Leaders	% rise
STC	31.4
Abbey National	27.6
Kingfisher	24.4
Argyll	20.0
Boots	19.8
North West Water	19.3
Anglian Water	16.3
Marks & Spencer	16.2
Whitbread	14.8
Tesco	13.2
Losers	**% fall**
Midland Bank	49.9
Standard Chartered	49.5
Trafalgar House	44.4
Wellcome	44.1
Hawker Siddeley	38.0
BET	37.3
Reuters Holdings	34.9
British Airways	34.7
Ranks Hovis	34.0
Maxwell Commun	32.1

Figures to Dec 11. Source: Datastream

All stocks

Leaders	% rise
Borland International	159.4
PWS Holdings	95.8
Micro Focus	77.8
Burnfield	77.3
Crossroads Oil	75.8
CRT Group	68
Barr & Wall Arnold	64.1
Betterware Cons	63.8
Dewhurst	59
S & U Stores	53.9
Losers	**% fall**
IBC	96.5
Tranwood	96.4
Xtravision	93.7
Finlan	93.6
Ventureplant	93.3
Burns Anderson	92.8
Sheraton Securities	92.6
Humberprint	91.9
Lincoln House	90.9
Gaynor	90.6
Acsis Group	90.4

Figures to Dec 10. Source: Datastream

Water was the best performing sector. People have to drink – recession or no recession – and the water companies' defensive qualities are enhanced by the fact that they are allowed to increase their prices by more than inflation every year. Two water stocks are in the FT-SE top ten and a third, Thames, is at number 11.

The worst performing sector was gold mines as the expected rally in the bullion price failed to occur in spite of the Gulf crisis. But agencies, the darlings of the stock market in the early 80s, also had a disastrous year as the squeeze on consumer spending worked its way through to advertising and marketing budgets.

Two investors who backed the banking sector could have had very different experiences. The two worst performing FT-SE stocks were Midland and Standard Chartered but Abbey National was second and TSB 20th in the leaders list.

Nor was there much of a theme in those shares – all smaller companies – that were the best and worst individual performers of the year – although it is true that two of the top three shares were those of software houses, which can normally generate a fair amount of volatility in even the dullest of years.

During the four years the US group has spent on the market, shares in Borland have been up and down more often than trousers in a Ray Cooney farce. This year's 159.4 per cent rise comes on top of a 91 per cent jump in 1989 when it was the third best performing share on the Unlisted Securities Market.

But the 1990 outperformance occurred in spite of a 25 per cent fall in the share price on a single day, when Lotus sued for breach of copyright. And colourful chairman Philippe Kahn, well known for his love of Hawaiian shirts, has probably not seen the last of the gyrations.

Micro Focus is a software company which has steadily recovered from its disasters in 1985 when the announcement of a 75 per cent fall in pre-tax profits prompted the shares to fall 56 per cent in one day. That year, Micro Focus was second in the FT's larger companies laggards list.

Having traded at close to £10, the shares fell to a low of 87p, only to begin a steady climb to the current price of around £8. The company's last results, announced in September, revealed a near trebling in interim pre-tax profits.

Burnfield is a specialist heating company, formerly known as Isopad International. As Isopad, the shares had not been great performers, but prospects for the company were transformed by the arrival of Brian McGowan of Williams Holdings as chairman and Ian Staples of Halfords as chief executive. As yet, the new team has concentrated on rationalisation rather than acquisition but the 77 per cent rise in the shares shows that the market is still willing to buy a "management story".

Another company that meets the old-fashioned criteria for a hot stock is CRT, the training, recruitment and consultancy group. CRT joined the market by the reverse takeover of R Smallshaw (Knitwear), the textile manufacturer; reverses were a common forerunner of share price surges in the 80s bull market. All the textile businesses have now been sold and the group has acquired several companies in its new field.

PROMINENT GROUPS IN RECEIVERSHIP OR ADMINISTRATION IN 1990

Polly Peck
British & Comm'th
Parkfield
Sock Shop
Lowndes Queensway
Coloroll

Total number of companies in receivership in first 11 months of 1990 was 3,468 according to Touche Ross

Among the laggards, one old favourite that stands out is Acsis Group, which as Acsis Jewellery, was one of the best shares of 1987. Between January 1 1987 and Black Monday, Acsis shares rose 2,468 per cent.

There is a certain irony about the downfall of International Business Communications (Holdings) – it publishes the Penny Share Guide, a tipsheet for investors. Following its 96.5 per cent plunge to 3p this year, IBC is a contender for its own publication.

The real problem for the company was an ambitious plan, floated in early 1989, to buy back 40 per cent of its own shares. The idea was to enhance its earnings per share; the effect was to saddle the company with debt. A rescue plan has now been launched.

The fortunes of Tranwood, the financial services group, have sunk lower and lower this year. The company cancelled its interim dividend this year, and saw a bid approach abandoned within 24 hours. It all seems a far cry from the days when Peter Earl, the deputy chairman, was launching break-up bids for Extel and Storehouse.

The problems of Xtra-Vision is a reminder of one of the great corporate collapses of the year, that of Parkfield. Both were undone by problems in the video market. Xtra-Vision, which rented videos, was caught out by the rise of the sell-through market which Parkfield hoped to exploit. But Parkfield proved over-ambitious. It expanded too fast, incurred too much debt and paid the penalty.

However, for private investors, the most poignant share price calamity of the year must be that of Polly Peck. Asil Nadir's group was a great private investor favourite – unsurprisingly, since it was by far the best performing share of the 1980s. Like that other star of the last ten years, Margaret Thatcher, Polly Peck did not survive the first year of the new decade.

David Cohen picks a present to benefit one and all

Give — and receive

AS THIS present-giving season reaches its climax, here is a suggestion for the owner of a company who might be wondering about the perfect gift to his staff – how about giving them a controlling interest in the company? The owner's family may actually end up better off than if they themselves had received the shareholding, and the only loser is *somebody who never features* on anybody's gift list – the taxman.

More than three-quarters of UK companies are family-owned. Many are controlled by a single shareholder, usually the company founder. When he or she dies, the value of the shareholding will form part of the estate on which inheritance tax at a flat rate of 40 per cent will be payable. Unless the deceased held significant cash deposits or other liquid assets, part or all of the shareholding will probably have to be sold to meet the tax bill.

In most cases, the obvious buyers will be the deceased's relatives but they may not have the resources to fund both the IHT liability and the share purchase. The only solution may be to sell the company to an outsider – a sad outcome for the family and an uncertain one for the workforce.

This misfortune may be averted by a far-sighted owner who is determined to protect his life's work from the depredations of the Revenue. His best ally will be an employee share ownership plan (ESOP) – a share trust for the benefit of employees.

A bequest of shares to an ESOP is exempt from IHT provided a number of conditions are satisfied. The most onerous is that, within a year from the date of gift, the ESOP trust must own more than half the ordinary shares of the company.

All but the most philanthropic of company bosses may balk at the idea of giving away more than half their company, but the IHT saving can be achieved without such generosity. The requirement is simply that the ESOP should hold a majority shareholding – it *does not* need to have acquired the whole stake as a gift from the deceased's estate.

The ESOP will be a convenient purchaser – in most private companies the only purchaser – and it can be funded directly by the company.

Moreover, if the ESOP qualifies for special tax status under the 1989 Finance Act, the seller will be able to "roll over" his capital gain on the shares into other assets. If he still holds those other assets when he dies, the potential CGT liability will be wiped out.

Supposing then that a 60 per cent shareholder has sold 25 per cent of the company to an ESOP trust during his lifetime. He would only need to bequeath a further 25.1 per cent in his will in order to hit the IHT exemption levels. But even if the estate has had some financial benefit from the ESOP, this may be cold comfort for the heirs who see control of their family business being usurped by the workforce. Here too, however, the IHT legislation does sugar the pill considerably.

Although the ESOP trust must become a 51 per cent shareholder, shares held by the trust do not have to be held indefinitely for the benefit of the employees. Provided there is a specified period during which the employees are the sole beneficiaries, at the end of that the trust can switch in favour of an altogether different group of people.

Take the case of the sole owner of a £2m company who is anxious to ensure that the business remains in family hands after his death while at the same time his loyal staff receive an equity stake. If he left the whole company to his family, the £800,000 IHT bill would inevitably lead to a forced sale.

Instead, the shares could be bequeathed to a trust which acts as an ESOP for, say, three years before converting into a family trust. During the ESOP period the trust could drip-feed a percentage of the shares to employees to satisfy the owner's objective of spreading share ownership. When the period has elapsed, the family will regain control – achieving the owner's second objective and a virtual £800,000 tax saving into the bargain. There will be a small IHT bill when the family takes over; this will be calculated according to the length of time the shares have been held by the ESOP and their current value. Assuming an unchanged £2m value, the tax bill after three years will be just £60,000.

There are no hard-and-fast rules as to how long the shares must remain in the employee trust and what percentage has to be distributed to individual employees. Clearly, though, the more the exercise resembles a tax avoidance scheme rather than an employee incentive scheme, the greater the risk of Revenue attack.

Used judiciously, however, and with due regard to the potential pitfalls, this is a package which could make everybody's Christmas.

■ *David Cohen is a partner in the City law firm of Paisner & Co.*

Harry Hopkins on the risks of inventive investment

The Eureka factor

ON FRIDAY December 9 1988, a new company enjoyed what *Financial Weekly* called a "dazzling debut" on the Third Market. Its object was to develop a most promising invention: a small machine which could render blood transfusion unnecessary by filtering, purifying and re-oxygenating a patient's own blood during an operation and returning it to him or her, still warm, within 13 minutes.

The machine was portable and easy to operate and would be useful at disasters such as the Clapham rail crash. "Haemocell", *Financial Weekly* concluded, "is poised to carve out huge markets."

In early dealings the share price almost doubled from 85p to 155p. The investor, it seemed, was offered the chance to aid suffering and make a packet in the process.

As the weeks went by, and snippets about clinical trials in hospitals appeared, the share price continued to progress. By June 1989, when *The Independent* reported that production could start in September, it had reached 276p – investors had trebled their money. "Expect news of the success of the trials," the paper said.

But news was deferred. In 1990 the share price began to drift downwards. In mid June, it fell to 68p, 17p below the placing price. It was, said *Today*, "in intensive care, after a bit of a hit-and-run accident".

The company rushed out a statement saying that "everything was going to plan". So what had happened? Nothing material: we had simply arrived at that moment which occurs sooner or later in the financing of all "brilliant inventions" when the bright blue skies suddenly cloud over, faith falters a little, and investors become conscious of the long haul ahead.

"It is a moment which will be familiar, for instance, to investors in the Nimslo 3-D camera which, in 1981, was about to sweep the globe; in Bio-Isolates, a mind-boggling "Boffin" project to make very pure protein from whey in a Minnesota dairy plant; in that "leading edge technology" enterprise, Applied Holographics, which puts the unforgeable Shakespeare logo on our cheque cards.

For investors it can be a mortifying and costly moment. Is there any way it can be avoided?

Perhaps the first requirement is strong anti-dazzle spectacles to filter out the "brilliance" and the dizzier market projections. That archetypal "brilliant inventor", Dr Jerry C Nimms, who – so the story went – slaved away for years in his Atlanta attic to perfect his stereoscopic camera, told *The Times* in 1982 that in three years his Nimslo camera would have cornered 4 per cent of the world market.

Launched at £3.40, Nimslo shares reached £20 – before being suspended at 16p in March 1988 when the company disappeared from view under that name.

But with the anti-dazzle spectacles firmly on the nose, it would surely have been evident that there were some very dubious factors from the outset. Why had Nimms, an American looking to the US market, come to England to finance his invention? Why had two great companies such as Eastman Kodak and Asahi of Japan, which had jointly put years of research into a creating a stereoscopic camera, abandoned the project? Above all perhaps, why were so few brilliant 3-D prints seen around?

Yet the inventor had some very solid backers, including the National Coal Board Pension Fund, the M&G group, Graham Dowson, deputy chairman of the Rank Organisation, and the Norwegian shipping multi-millionaire, Fred Olsen, who in the end bailed the project out.

Every invention is of course unique – in that lies the magic. But, let's face it, some are more unique than others.

Reinfusion of patients' own blood in operations is already well established in America, although the machines used are more costly, cumbersome and difficult to operate than Haemocell's "System 350", which uses membrane technology.

That system is already well protected by patents. But then so was Eli Witney's cotton gin, and the poor fellow almost beggared himself fighting off infringers. Not to mention the problems John Boyd Dunlop had with an earlier inventor of a "cushion" tyre.

Apart from the danger of some well resourced pirate adapting the newcomer's invention, there is the equal and opposite danger that customers may simply refuse to appreciate its brilliance.

How many years and how much cash will be needed to "sell" the invention? Ironically, the wider the market, the more cash may have to flow out before those fabulous returns stream in.

Failing to break even in its first six years, Bio-Isolates twice called on shareholders for more money. Almost two years on, Haemocell has just made its first cash call: a 1 for 3 issue just above the placing price. And although Shakespeare is still radiant, Applied Holographic's losses were still rising on last report.

Its chairman, however, described them as "investments", – for the problems of mass production had now been mastered – and added that the company could start bringing in returns.

Let us hope he was right. But the investor in such "brainwaves" will need, in addition to anti-dazzle lenses, a stout spirit and good lungs as, with each breasting of the shoulder of the hill, the peak is found to have receded. It would also be a wise precaution to have a Fred Olsen ready on the ropes.

Brokers may boycott GA

FROM THE beginning of next month, your insurance broker may no longer be recommending any insurance contracts with the General Accident Group.

The Institute of Insurance Brokers, one of the trade associations for registered insurance brokers, has launched a campaign for its members to boycott all business with this leading composite insurance group.

Your insurance broker will inform you of the boycott and explain both the reasons behind the clash between certain brokers and this giant insurance group and why the boycott is going ahead, even though the dispute has been referred by Sir Gordon Borrie, the director-general of Fair Trading, to the Restrictive Practices Court.

The crux of the trouble lies in the growth of direct insurance operations by insurance companies. This opportunity for the public to deal direct with the insurance company, thereby obtaining insurance at a lower cost, is having a significant impact on the earnings of brokers, particularly smaller firms.

The dispute came to a head over the growing practice of motor manufacturers offering "free" motor insurance with every new car purchase. General Accident has been heavily involved in underwriting such manufacturers' schemes, including the Ford Motor scheme.

However, the way forward is surely for brokers, through their trade association, to negotiate both with the insurance companies and the motor manufacturers for a discount if the free insurance offer is not taken up. Some schemes do offer motorists an alternative gift or service to the free insurance.

BIIBA (British Insurance and Investment Brokers' Association) has successfully negotiated benefits for its members over free insurance.

Indeed, a survey commissioned by General Accident showed that the vast majority of the public like the direct insurance approach.

So brokers, above all, have to show their clients the added value of using them rather than going directly to the insurance company.

If your broker is participating in the boycott, then make sure that the contract being recommended is at least equal to anything General Accident offers. This may be difficult for term assurance where GA Life is a market leader.

Eric Short

When did we last write about typewriters?

continued from page 1

tives and the stop-go economiccycles, governments were always searching for some elixir that would transform British industrial performance. The Tories tried French-style indicative planning in the early 1960s; Labour plumped for the over-ambitious National Plan later in the decade. Picking winners, promoting mergers, Italian-style state holding companies, Japanese-style collaborative research – all at various time have had their adherents. The effects have been confusing.

When government was in the driving seat, its influence was usually malign. The decline of the British nuclear industry was largely due to the mistaken choice in 1965 of the Advanced Gas Cooled Reactor – widely acclaimed at the time as a triumph of British technology over American competition; subsequent lurches in reactor policy compounded the original error. Mishandling by the Post Office of the transition from electro-mechanical to electronic telephone exchanges did lasting damage to the competitiveness of the British telecommunications industry.

Has the Thatcher decade put all this right? If there is one lesson to be learnt from the past 30 years, it is that instant cures and miraculous recoveries, whether for economies or companies, are not on offer. The prospects for British business do look better. The scope for government interference has been reduced; all the main political parties are offering market-oriented economic policies; attitudes and institutions hostile to business success have been weakened. But the short-lived triumphs of some of the business tycoons of the 1980s provide ground for caution. If British industry is to take advantage of the more favourable climate that now exists, we will need, not shooting stars, but entrepreneurs and managers who have both ambition and staying power – fewer headlines on the front page of the *Financial Times*, more solid application and long-term commitment.

† *D.C.Coleman, Courtaulds, a social and economic history, Vol III (Clarendon 1980).* * *Richard Whipp and Peter Clark, Innovation in the auto industry (Frances Pinter 1986).*

Effect of EC pension has been overstated

I AM A member of a Company Pension Scheme affected by the European Court ruling of 17 May 1990, officially outlawing discrimination in UK company Pension Schemes. (Barber v Guardian Royal Exchange). My Company continues to discriminate against male members in allowing females to retire at 60 but still requires males to work to 65 to obtain full pension. I am 62, if I choose to take early retirement next spring I shall be subject to the scheme rule which means that the pension payable will be subject to a reduction of some 15 per cent by virtue of being paid over two years early.

I am merely informed blandly by the scheme secretary that the trustees have considered the matter but do not intend to make any move until the position is further clarified.

I propose to leave service in the new year but I would like to protect my position regarding the European Court ruling. My solicitor has suggested that the course to take is to issue a writ in the High Court and obtain judgment against my employer after I leave service. This would be relatively expensive, although I imagine that I would be able to claim costs if judgment was given in my favour.

Has anyone in my situation yet brought a claim against pension scheme trustees seeking to obtain clarification of the European Court ruling and if so with what effect?

■ We have to advise you that much of what you may have read about the European Court ruling on Barber v Guardian Royal Exchange has been superficial and misinformed.

The court was careful to explain that its interpretation of Article 119 of the Treaty of Rome was not to apply retroactively. It would be iniquitous to threaten the financial balance or solvency of existing pension schemes which had been operating for 32 years since the Treaty, on the understanding that the general Declaration of Intent in the Treaty about equal pay had no practical relevance to pension ages, a view taken for many years by the European Commission.

The UK Association of Pension Lawyers and the UK National Association of Pension Funds have put a considerable effort into the task of clarifying the precise meaning of the Court's judgment in the matter of retroactive application. Counsel's opinion was obtained and circulated to members in October. You can obtain a copy for £200 from the NAPF at 12-18 Grosvenor Gardens, London, SW1W ODH.

One of the key points regarding your own situation is that none of your pensionable service prior to May 1990 is affected. This means that the pension you have earned in all these years will still be payable when you are 65. If you want to take it earlier it will suffer the normal early retirement actuarial reduction provided for in your scheme rules. As you are 62, we cannot see anything worthwhile in this judgment for you.

Q&A
BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

If you say that employers have been hesitant to change pension ages, the answer is simply that most companies have waited for clarification.

In practice no one is likely to gain and there could be many losers from the judgment. Most companies are planning to raise the pension age for women to 65, rather than reduce the age for men.

If you are fond of litigation and want to take a case to the European Court to argue that you should be entitled to early retirement without actuarial reduction, even though this could make your employer's scheme insolvent, you should bear in mind the fact that Mr Barber was 11 years younger than you when he started proceedings and that he died before a verdict was reached.

CORRECTION

IN LAST week's briefcase, an answer headlined My Mother's House contained two errors.

The questioner had bought a house with his mother in 1976 and asked about the capital gains tax position. First, if the readers's mother is widowed, separated, divorced, incapacitated or older than 63, then, on the bare facts given, the gain would have been exempt – by virtue of Section 105 of the Capital Gains Tax Act 1979, as preserved by section 111 (2) of the Finance Act 1988.

Even if the gain is not eligible for complete exemption, the gain will be based on the March 31, 1982 value - assuming that exceeds the original cost – and the cost of ascertaining that value will be allowable.

The second error was that capital gains tax rate was referred to as 30 per cent – when the rate should be 25 or 40 per cent, depending on the reader's income.

MINDING YOUR OWN BUSINESS

Nick Garnett finds a gleam of enterprise in a wasteland

Craftsmen in the ruins of industry

Tony Watts (left) and Adrian Wright in one of their fitted kitchens

THE MAIN rail line north through the West Midlands passes miles of blackened and dreary pre-war factory buildings. These pitched-roofed monstrosities are symbols of the poverty of investment in British industry. Some are still inhabited. The glow of an oxy-acetylene torch or the wheeze of steam from a rusted chimney stack testify to activity in these bleak shells.

In a slightly up-market version of one of these structures (complete with a bird's nest in the roof), Watts & Wright is trying to make space for itself in the overcrowded and much maligned market for fitted kitchens and bedrooms.

From their small base in Walsall – an earthy town with a less than legendary reputation for style and design – Tony Watts and Adrian Wright have aimed their business above the higher end of mass producers such as Magnet. At the same time they are attempting to sneak business from expensive classical kitchen makers whose hand-painted finishes command stratospheric prices.

Starting off with a tiny amount of capital two years ago, the two men have raised the company's turnover from £40,000 in the first year to £120,000 last year. With work committed for the next four months, the company says it is on schedule to double turnover in its third year. In its short life, it has dealt with 45 customers involving more than 30 kitchens with an average price between £7,000 and £9,000 and claims to be making a return of well over 30 per cent.

"Our aim was to design and make high quality bespoke furniture along similar lines to John Lewis of Hungerford and Smallbone," says 28-year-old Wright. "We hoped to fill a gap in the Midlands area as most similar companies seem to be biased towards the south, alienating many potential clients." Wright, a former antiques restorer, put in £5,000 of personal savings. Watts, two years older and a trained cabinet maker, borrowed £13,000 from his father. The 3,500 sq ft former engineering plant which had been empty for ten years was obtained for a rent of £1,500 a year.

Everywhere in the Watts & Wright workshop are signs of how the two men have shaved start-up costs. The company made its three powered moulds at a cost of £300 against £2,000 each for purpose-built equipment. A primitive dowelling machine was set up for £50: a new one would have cost £1,000.

"We will eventually get everything but to start off with we did not have the money to do that," says Wright.

Capital expenditure has included £7,500 for a sawing machine and £7,000 for lacquer spraying equipment and related heating, housed in a disused leather factory next door. Some £6,000 was consumed on leasing a computer, an IBM-cloned Elonex, used to give three-dimensional pictures of kitchen designs.

Purchasing power can be an Achilles heel for a small company. Clients can specify any brand of appliance but Watts & Wright prefers using more expensive German equipment. It buys its electrical supplies from wholesalers who order in bulk and claims it can purchase integrated units at roughly the same cost as some large suppliers. Their profit margin on a typical integrated unit is 25 per cent.

The company uses old pine and new oak, maple and ash. Much of the old pine comes from disused churches and partly dismantled factories. Some households with a Watts & Wright kitchen are chopping vegetables on worksurfaces made of roof beams from Raleigh's Nottingham bicycle plant.

It is on new wood that a small company such as this suffers a cost disadvantage against bigger kitchen makers. For new English oak, Watts & Wright has to fork out around £2.50 a foot while a large purchaser might buy that for just a quarter of the price. This is not as big a cost handicap as it seems, because, Watts says raw materials form only about 15 per cent of the cost of a kitchen, excluding domestic appliances. The company does not buy wood in lots less than a lorry load. Other fittings include hand-painted Belfast sinks, taps by Czech & Speake and terracotta tiling. The most it has had to pay for materials, equipment and wages in one month was £18,000.

The company was lumbered with a naïve view about marketing in its first year: it did not do any. Now, it has a promotional budget of £12,000 a year, which seems high, and advertises mainly in specialist home and furniture magazines and local publications. Most of the company's trade, though, still comes from word of mouth.

More than three quarters of all Watts & Wright's business is in the Midlands and the two men believe this is a potential weakness. The Poggenpohl and Neff brigade are much thicker on the ground in the south.

"I don't think in the long term there is enough of a market here in the Midlands for the kinds of things we make. Style is also about five years behind that of London. Old pine is still popular up here but in the south it has kind of had its day."

Wright says the company is too small to be a design innovator. "We cannot afford to be market leaders in design. I have to say we have done a lot on the back of Smallbone. People look at the Smallbone brochure and say 'can you do that'. I say, yes we can and it will be much cheaper."

He concedes they are short of some skills: "We are not the world's best salesmen." Their pricing policy has been aimed at getting a toe-hold in the market. "We don't say, this man is stinking rich, let's make a killing." The company makes it clear, though, that as its name becomes better known it will attempt to increase prices.

The two drew £12,000 each in salary from the company during the first year and £18,000 in the second. Over the next 18 months they want to spend £40,000 on equipment but say they will borrow that. "That is because we as directors want now to take more out of the business," says Wright.

The company operates with a handful of permanent staff and a few outside contractors. Two years ago the company had great difficulty finding a cabinetmaker. Now there is no difficulty finding staff. "That is because businesses are going bust all over the place in the Midlands," says Watts. If they need a reminder of the perils of the domestic consumer market, one of those businesses was a Coventry kitchen supplier.

■ *Watts & Wright. 114a Wolverhampton Rd, Walsall, WS2 8PR. Tel 0922-22247.*

A picture of user-friendliness

Barbara Conway searches for a computer she can switch on without needing an electronics degree

FOR purchasers wanting to be able to operate a computer without first having to obtain a degree in electronics and programming, one of the prime virtues of a computer is that it should be "user friendly". The essence of user-friendliness lies in a program called an operating system which acts as an interpreter, or front-end, between the machine and the user.

Last month I recommended that new computer buyers go for machines with at least one megabyte of memory. You can now pick up perfectly good PCs for £500 or less which can handle standard office word processing and relatively limited accounts and record-keeping work. But when it comes to expansion, either in memory terms or the use of new operating systems, those machines run up against an immovable ceiling.

By far the most popular operating system for IBM machines and their clones is MS-DOS (also known as PC-DOS) developed by the giant Microsoft corporation at the beginning of the 1980s. This system superseded CP/M which, to all but the technologically-minded, was to user-friendliness what John Major is to designer fashion. The new DOS can, at least, claim to be user-neutral as its commands are logical and relatively easy to learn.

As MS-DOS is still by far the most widely supplied operating system, I will be describing some of the ways to tailor it to suit your own needs early next year. There are, however, other routes being opened up to enable users to switch on a computer and see immediately what programs are available for use without needing to remember any special commands.

These are known as Graphical User Interfaces (GUIs) and, although fairly new to the IBM PCs, have been successfully used on the Apple Macintosh and Commodore's Amiga range since the mid-1980s.

A GUI uses pictures, known as "icons", on the opening screen to show the existence of hard disks and any floppies in the machine and then lets you select the relevant icon and any programs it may contain. Using this system you can go straight into your word processor or accounts package and get to work.

The new options where PCs are concerned come down, at present, to just two, both developed by Microsoft.

Those using DOS can add on a GUI called Windows (the latest version 3.0 is recommended), which will transform the opening screen while still leaving DOS available for use.

The route preferred by IBM itself, which has so far proved less popular than that of Windows, is an entirely new operating system called OS/2.

Inevitably both systems take up more memory than the ordinary DOS, but Windows is by far the less memory-hungry of the two. OS/2, even in a revised "lightweight" version, needs at least two megabytes to operate properly.

Both also offer the ability to "multi-task", which means that more than one program application can be run at the same time.

As long as enough memory is available, it is possible to pause from writing a document and, for example, call up a diary program to check on commitments without having to exit the word processor. Blocks of text or other data can also be moved easily from one application to the other.

The current version of the Apple Mac operating system is System 6, although System 7 has been looming on the horizon for some time. The Amiga is up to Workbench 1.3, with version 2.0 for the newest top-of-the-range machines. For PCs, DOS versions 3.2 or 3.3 are in most common supply although 4.1 has now been issued.

A point worth remembering with operating systems, as with all other software, is that if your current version is doing all that you require of it, it is never worth upgrading to the newest release just for the sake of it.

Unless you have identified new features which will be of real use to you, upgrading may be more trouble than it is worth as it may involve making a series of extra changes to your most used programs to get them to work with the update.

Sinclair Robieson meets three entrepreneurs who got on their bikes

In Norman's tyre tracks

NORMAN Tebbitt, the English politician, once advised job-seekers to "get on their bikes." In the North Wales village of Betws-y-coed, deep in Snowdonia, three local people have taken him at his word. They supply the bikes. The English (and others) ride them. And everyone is happy.

It was not always thus. In the first month of operations at Beics Betws, early in 1988, two of the expensive mountain machines went walkabout. It almost put the fledgling company out of business on the spot. Now annual turnover is approaching £50,000.

Beics Betws has some special advantages. The area contains 150 miles of forest tracks through some of the most spectacular scenery in Britain, drawing a stream of visitors.

The little company was established by Sion Parri, 38, Dafydd Roberts, 28, and wife Sian, 25.

The initial finance came from a sporting competition won by Dafydd, and a personal loan. This was enough to buy up to 10 bikes. But mountain bikes can cost more than £500. When those two vanished so quickly, it was almost curtains.

"We felt like giving up," says Parri. "It is disheartening and you really feel sick. After all, we are providing a service. Then, people come here and take advantage of it, like that."

Since then, two more have been taken – not a lot, though, considering that the company has as many as 40 at a time, depending on demand. Hire charges are up to £14 daily but no deposits are required.

"We have a keen sense," says Parri. "If we are slightly suspicious, we turn people away. The only deposit we ask of them now is that they leave their car here, and their keys. We don't like not trusting people."

Beics Betws grew out of "an idea one Saturday night." But there was an element of local pride, too. Says Parri: "You've got the whole gamut of outdoor pursuits and it's always the immigrants that exploit this market. We [Welsh] have this inferiority complex. I find it a bit of a challenge that local people can do it."

In all, around £18,000 has been invested in the business, including expanding the original cramped premises, and it has become a 12-month operation in spite of the foul weather that sometimes envelops mountainous Snowdonia. Parri explains: "It is not a seasonal thing at all. People think we must be quiet at this time of year but, in fact, for the past two years we have been twice as busy as in August.

"In the summer months, we get the punters coming off the streets. Then, in the autumn and spring, we get all the other people who come up for walking and climbing. We have got another thing that is very popular and increasing in this area - management study courses." These are proving fruitful sources of customers all year round. There is also a thriving trade in second-hand machines.

You will find Beics Betws off the main street, in a little building up the hill behind the post office. All going well, there will be another shop next year along the valley. Roll along, Norman Tebbitt.

■ *Beics Betws, Tan Lan, Betws-y-coed, Gwynedd, Wales. Tel. 06902-766.*

DESPATCHES

Joyful faces behind the veil of apartheid

***Patti Waldmeir** swops a privileged white lifestyle for a weekend in the black township of Soweto and finds it a humbling experience*

MY HOSTS were amazed to see me washing up. The children stared, for the Mafolo family of house number 1152, Molapo, Soweto, does not readily associate white ladies with tea towels – or with toilet brushes, ironing boards or manual labour of any sort.

In the verdant northern suburbs of Johannesburg, where I live, the washing up is done by large black ladies from Soweto or, in my case, by a diminutive black grandmother from the Orange Free State.

So when I plunged my forearms into a basin of suds in the Mafolo's kitchen one weekend recently, the relatives and neighbours found the role reversal hugely entertaining. Favourable comments were made in South Sotho, the language of the neighbourhood, and translated with giggles and shy smiles. A dry tea towel was found to help me on my way.

I was spending the weekend in Soweto as the guest of Dorah Mafolo, 32, who applied to host a white visitor as part of an exchange programme run by Koinonia, a local Christian group. Koinonia bussed 80 such visitors to a church centre in Soweto one Friday night – a procession which earned thumbs-up signs and broad grins from startled Soweto motorists; then Dorah took me home to meet the family.

I have spent several years in black Africa, and know that the hospitality of Africa is instant and unfailing. But I was sure Soweto would be different: apartheid, I thought, would have seen to that.

What I discovered instead – goodwill in abundance, warmth, curiousity, good-natured envy – quite overwhelmed me. I was displayed to neighbours and friends as a prized artefact of another civilisation: an object of fascination and wonder to Dorah's six-year-old son, Dumelo, who can have had little contact with whites in his short life. I was an excuse to slaughter a sheep and hold a large celebration.

The Mafolo family – Dorah, the breadwinner; Hilda, her 68-year-old mother; Betty, 35, a sister left crippled by a drunken taxi driver; sister Khoki (pronounced *Kooky*), 25, whose personality matches her name; and one child each of the three (unmarried) sisters – treated me like a visiting goddess. The openness, generosity and warmth they displayed has few parallels in white society, in or outside South Africa.

Someone – I never asked whom – gave up their bed so that I could sleep comfortably in one of two bedrooms in the four-roomed "matchbox" house. Dorah and two small boys shared the other bed in the same room; outside, in the living-cum-dining room, two other relatives slept on the floor beneath the table.

The Mafolo family moved to Molapo in 1958, the year that Dorah was born. They had been victims of one of the most celebrated forced removals in South African history – the expulsion of blacks from Sophiatown, a Johannesburg suburb – moving first to a shack and then to house 1152 Molapo. In 1987, they added two rooms and a garage behind their tiny house, a structure common to most backyards in Soweto, where land is at a premium. Mrs Mafolo rents the rooms out to lodgers, and uses the garage as a kind of extra sitting room.

Everything was done to make me feel at home: loo roll was produced whenever I wanted to use the (outdoor) toilet; water was boiled so that I could wash. Even the sheep was sacrificed for my benefit: Khoki brought it from the rural eastern Transvaal, where she is a school teacher, in the back seat of her boy-friend's car.

I managed to avoid the execution, which took place in the Mafolo's concrete backyard. But try as I might, I could not escape the treat presented to me a few hours later: a plate of steaming sheep's intestines, a Soweto delicacy.

I anxiously explained to Dorah that not *all* whites refused intestines; the French, for reasons best known to themselves, seemed quite to like them. But I do not think she believed me; it must have seemed another of those inexplicable racial differences.

The aim of the "Soweto encounter" was to transcend such differences, entrenched and institutionalised by apartheid. Not that introducing 80 white liberals to the 2m-odd inhabitants of Soweto was ever going to make much impact on the problem of racism. But the experience nonetheless demonstrated that the black community's attitude toward whites – a peculiar mixture of envy, awe, fear and condescension – seldom runs to hatred or lust for revenge.

As I walked the neighbourhood streets of Molapo with Dorah, or Khoki, or their ebullient friend Stella, I was welcomed to Soweto by virtually every passer-by. Grandmothers in housecoats called across full clothes-lines to greet me, and hard-faced "comrades" loitering on bits of waste ground reached out to shake my hand. One taxi driver, who leaned out of his window to exchange a few words, seemed to speak for the rest when he said: "Thank you for your support."

Everyone had to know whether I was enjoying Soweto, and all seemed genuinely pleased and proud when I said that I was. There is, needless to say, a darker side to South Africa's largest black township: the face of Soweto which I have seen when political violence degenerates into sheer bestiality; the madness in the eyes of angry young men armed with petrol bombs and axes.

But for 48 hours last month, I saw Soweto at its best. At Mapoule's shebeen, where men dance with men, and women with women, without the slightest discomfort, the guests joined hands and sang me a raucous welcome. I was fed and pampered, offered cold drinks and the best chair, everywhere I went. In church, I was honoured to help with the collection; the pastor delivered his sermon in English so that I could understand.

I do not pretend to understand township culture, and would not wish to share it indefinitely. But I will not easily forget the kindness shown me in Soweto. If there is hope for the new South Africa, that is where it lies.

***Nicholas Woodsworth** and **Nigel Spivey** visit Berlin to find that the future of the city after reunification is far from a song and dance*

The drama and dirge of east side story

I want to live in America, He wants to live in America, Everything's free in America, It's OK by me in America

IT IS A sentiment that may have lain deep in the hearts of many east Berliners for 45 years, but on the east side of Checkpoint Charlie, *West Side Story* was hardly bound to prove an establishment favourite. The title of the exuberant Bernstein musical alone would have unnerved border guards and set the censor's alarm bell ringing.

These days, however, the theme of a better life in a new land of opportunity is unlikely to make east Berlin's officialdom see red. On a recent evening these were the very lyrics that floated out on to Unter den Linden, the rather stiff and ceremonial boulevard that has served as a showcase for both the triumphs of Prussian history and eastern bloc socialist culture. Their origin? Not the impromptu sidewalk stage of some aspiring troupe of students, but the Corinthian-pillared, red-carpeted east German State Opera House itself.

Such a musical choice was far from coincidental; as much as any symbolism in this most symbolic of cities, it showed the desire of east Berliners to put the past aside and make a new future. And make it they shall: they face far fewer obstacles than any Puerto Rican on the streets of New York. Nevertheless, as I discovered not long ago, even the most casual stroll through the streets of eastern Berlin points to a long, hard haul ahead.

A short walk up Unter den Linden is enough to convince anyone of the will of 1.5m eastern Berliners to recast themselves in the mould of their western city neighbours.

At the bottom of this broad thoroughfare, by the Brandenburg Gate, easterners are selling off their past in the form of military souvenirs and highly-priced little chunks of the Berlin wall – such is their enterprise and such is the enthusiasm of west German tourists that there is now a thriving trade in counterfeit concrete.

Further up the tree-lined boulevard, past the deserted offices of Aeroflot and the Bulgarian tourist agency, a new Lacoste fashion shop is selling tennis shirts – the real thing this time – to those who can afford them. Like the row of painted, hollow wooden *babushkas*, one just fitting into the other, that line the dusty window of the Russian Intourist office, interest in things Soviet progressively diminishes. Clothing, luxury foods and, above all, western cars, attract far greater attention as they appear in display rooms.

At the top of the street, Humboldt University, once the faculty of the dialectical materialist Hegel, is a pot bubbling with western consumerism and culture. Outside, at a pavement market of trestle tables and cardboard boxes, students rifle through Madonna CDs, Impressionist posters and books such as *Animal Farm* and *The Satanic Verses*. Inside, notice boards advertise Buddhist meditation courses and rides to Amsterdam.

It was at the university that I met Volkmar Mannel, a young Berlin language student who, perhaps sensibly, was studying both English and Russian. Sporting fashionable clothing and blond, three-day-old stubble, Volkmar could be a student from anywhere in western Europe. But he has come to higher education along a road somewhat rougher than most.

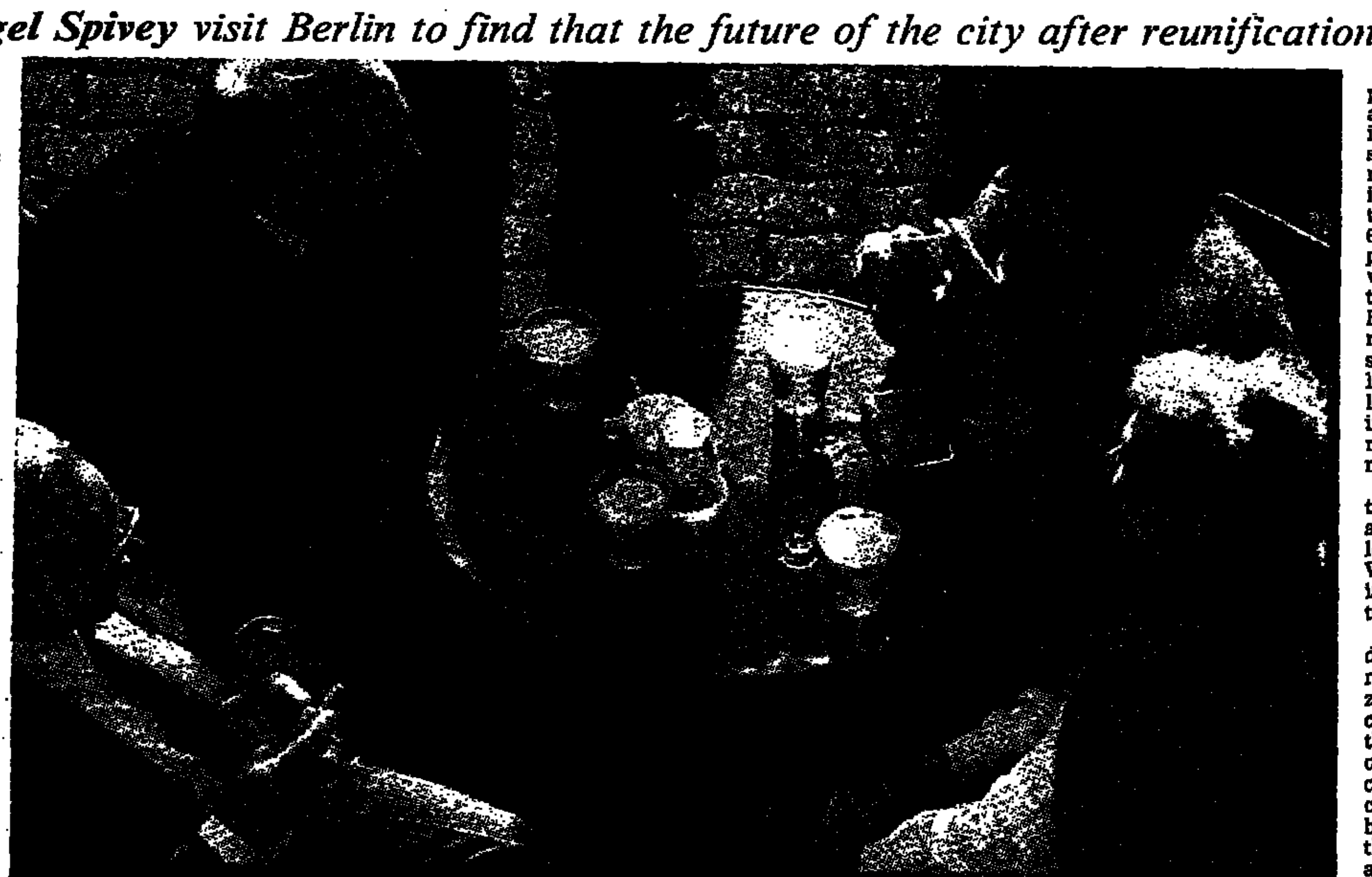
Like all east German youths, he served a mandatory 18 months in the east German army. Admittance to university, however, required another 18 months' service. All three years were spent, summer and winter, day and night, doing guard duty on the Berlin wall.

Volkmar has a strong desire to change his life and the city he lives in. He is not alone. Seven soldiers in his patrol unit rushed the wall and escaped into west Berlin. But he also admits that if the will for change is there, the material means, at least for the moment, is not. The east Berlin he showed me is in an depressing state.

In my rented car we joined a long, slow-moving line of traffic, some of it western and shiny, most of it east German-built and wheezing out clouds of exhaust smoke. As a symbol of accomplishment, however, the infamous Trabant car must surely be surpassed by a building we passed on Marx-Engels Platz.

This is the white-marbled, mirror-windowed Palast der Republik, the former east German Parliament. It was touted by its architects as a testimony "to the high level of development of the socialist society of the first German Workers' and Peasants' State". It has had to be closed, perhaps forever, due to spectacularly high levels of asbestos contamination.

Like the centre of most eastern European capitals, the heart of the former capital of the democratic republic is a monument to ideology. Centred on Alexanderplatz, it is a place of vast squares, broad parade grounds and huge, parallel slabs of concrete buildings – ministries, hotels and congress halls – intended to outdo those of the west. Fine old reconstructed pre-war buildings today sit incongruously in the midst of bleak, Stalinist functionalism.



Kerbside culture: Berliners from the old eastern part of the city now indulge in a frenzy of western consumerism

As an icon to monolithic power, east Berlin does a passable job. As a place for nourishing the human soul, it rates somewhat lower. As a place for nourishment plain and simple, it scores near zero. While my travel guide claims more than 6,000 restaurants, bars, cafés, pastry shops and taverns in west Berlin, the eastern part of the city can barely manage 800. For those used to the urban rush and bustle of western consumerism, there is substance lacking in these curiously lifeless streets – it is like biting into a doughnut and finding it mostly made of the hole in the middle.

The more serious, infrastructural problems only become apparent, however, once one leaves the showcase centre. What is new in eastern Berlin is sub-standard; what is old is terribly delapidated.

We passed through the densely-packed and decrepit residential suburbs of Prenzlauer Berg and Friedrichshain, where 80 per cent of the buildings require total renovation. Here facades have crumbled away, blackened balconies sag like sway-backed horses and piles of coal lie on the pavements. Many houses are without indoor plumbing; whole sections of the eastern city remain unconnected to sewage systems.

Over pitted and pot-holed streets, past Russian army barracks and along suburban train lines so poorly maintained that any speed over 30kms per hour is dangerous, we drove to the new dormitory suburbs of Marzahn and Hellersdorf. Stretching to the horizon over hundreds of acres of grassless concrete plain are the serried ranks of Marzahn's identical concrete apartment blocks. Volkmar said that this was the preferred home of the Stasi, a plum reward for nasty work well done; I could only think they got what they deserved.

Finally, we endured a slow crawl through smoggy rush-hour traffic to even smoggier Oberschoneweide, one of the city's most heavily industrialised areas. Many of the factories here are 40 to 60 years out of date, and look it. Worse than the eyesore factor though, is the pollution – city authorities list 7,000 contaminated sites in Berlin.

The drinking water in eastern Berlin's biggest reservoir, the Muggelsee, does not even conform to EC bathing standards. Solving eastern Berlin's problems will take many years and many millions of D-Marks of public and private investment. The long process of returning state property to its previous owners has begun, and ambitious schemes for urban renewal and the development of the unified Berlin of the future are now unfolding

More than somewhat bedraggled after 45 years of communist rule, eastern Berlin is now embarking on a rewrite of its own East Side Story. It may not prove to be all song and dance, but if the history of this great European city is anything to go by, drama will not be lacking.

N. W

Just desserts at the wasteland

IN TRUTH, the new Berlin seems a diminished place. Once, you might have gone to Berlin for its low life, whose pleasures were intensified by the presence of the Wall. But most of the low life has evaporated. Berlin is no longer a refuge for young men escaping national service, and the Underground stations once colonised by pimps and pushers have been reclaimed.

As for the Wall, there is not much left to see, although improbable shards of it are still being peddled at every street corner. Already the casual tourist is hard pushed to trace where the Wall ran. A new Berlin asserts its identity; there are no regrets, I imagine, that the Wall is being obliterated.

The architects of the new Berlin face a more serious question of obliteration or preservation. A stone's throw to the west of the old Wall, not far from Checkpoint Charlie, is an area that has been wasteland since 1956. Allied bombing and unco-ordinated post-war demolition created a general mess of what was once a precise address: 8, Prinz-Albrecht Strasse – the Geheime Staatspolizei headquarters.

All around were the offices and prison cells of that component of the Third Reich administered by Himmler – the Gestapo. As wastelands go, this wasteland is more than a war-damaged scar. It is the place where the holocaust was organised.

One can imagine a modern German response to this wasteland: Himmler and his fellows, in due time, got their desserts so why commemorate their evil? Why not build over the wasteland, scrub it out for the monstrosity that it is and was?

Sooner or later, the wasteland had to go, and in 1983 the mayor of Berlin set up an architectural competition. The brief was to come up with a scheme that accommodated remembrance of Gestapo evils and provided while providing recreational space. It is hard to imagine a more difficult challenge: but designs were submitted and the winning entry suggested paving the ground with cast-iron replicas of Gestapo documents. This surface of documents recording "anguish, inhumanity, injustice and plain brutality" would be punctuated by double rows of chestnut trees.

If this was the winning design, I dread to think what the losers were like; in any case, Berliners have not had to walk their dogs over indissoluble Gestapo paperwork, because the scheme was abandoned. In default of anything more positive, a voluntary excavation of the site was organised.

'A non-German sees the Germans themselves as victims of Nazism'

The result of this excavation is not spectacular in archaeological terms – it revealed nothing about the Gestapo that we did not know already – but a network of cellars near the Gestapo prison was brought to light, and these cellars now house a small display. The standing exhibition, called "Topography of Terror", was set up as part of the city of Berlin's 750th anniversary celebration in 1987.

Slides and photographs chart the rise of Nazism in a Berlin context. I spent a predictably melancholy hour or so at this place, and I am haunted by several residual thoughts. The first concerns its present appearance. The "Topography of Terror" exhibition was intended as temporary, and has been extended beyond its original closure date: but even allowing for some tattiness on that account, it is disappointing.

Generally, no country does better museums than the Germans. The other museums of Berlin, whether dedicated to classical sculpture, Islamic miniatures, or the art of Cameroonian tribes, are stupendous – well-lit, well-furnished and with squeak-resistant floors. High culture is perfectly exhibited in Berlin, and I suppose that it is precisely because the Germans are so highly cultured, that they find it so difficult to exhibit that period in which such a sophisticated people fell to the depths of the collective panic upon which Nazism relied.

That ordinary Germans wish not to remember the Gestapo is more or less understandable. But the exhibition in the old Gestapo basement is testament not only to the brutality of Himmler and Co; it says much about the courage of those Germans who attempted resistance.

There was a gallery of photographs of prisoners once held in the cells. For once, a non-German sees the Germans themselves as victims of Nazism. Aristocrats, communists, scholars, artists and Christians, you see them there, haggardly confronting the superficial processes of judicial inquiry.

Such accounts of Gestapo interrogation leave no doubt as to the courage required for the most subtle resistance to Hitler; the wonder then is not how few Germans tried to resist established Nazism, but how many.

The argument for building a large memorial to the victims of the Gestapo runs something like this: if mass panic could be channelled once into a system such as Nazism, it could conceivably be channelled that way again. In Berlin, I noticed large numbers of gypsies and Slavic nomads on the streets and I gathered that many native Berliners are already feeling militant about the presence of these incomers.

A museum which properly records the early stages of Nazism in Berlin – the boycott of Jewish shops, the tolerance of assaults upon Jews in the streets – has an obviously didactic justification. Coming out of the "Topography of Terror" exhibition, your immediate impulse is to embrace your fellow men, of whatever creed or complexion. But that should not be the sole purpose of commemoration: after all, most large European cities need reminding of the responsibilities all citizens have in avoiding race-related violence.

What deserves positive commemoration at the Prinz-Albrecht site is the resistance of those who stood up to the Nazis. Their names should be stored in a collective European memory. Of the holocaust, memorials are already in place elsewhere: and perhaps there can never be too many of those, although no one can expect the people of a united Germany to be interminably oppressed by holocaust guilt.

We can expect, however, a united Berlin to do better at the Prinz-Albrecht site. The archaeology of heroism in the Trojan War is admirably treated by Berlin museums. But I, for one, would like to see the lives and deaths of those who resisted the Nazis paid the homage their memory demands.

N. S

HOW TO SPEND IT

Present and correct

Lucia van der Post with ideas for gifts that will really be appreciated

THE present for the fashionable young woman this year has got to be a parka, and if not a parka then a bomber jacket in glowing colours, quilted for warmth.

You can spend a fortune on a label (Mondi, for instance, does a scrumptious number covered with glittering sequins and a nice soft hood for £449) or scour the cheaper chains, like River Island and Hennes, that do a smart job of bringing out nifty versions of current looks at rock-bottom prices. (And I don't need to remind you that if you pay under £50 you're *not* going to get £450 worth of quality.)

If a parka doesn't appeal, or she already has one, here are some other suggestions culled from friends and colleagues, young and old.

■ Leggings. But only if she hasn't got any yet, and isn't extraordinarily small/tall/fat/thin. Marks and Spencer still seems to offer some of the best value (£22.50 for velvet, £35 for a firmer Jacquard) but if you're in the mood to do a little spoiling then Marion Foale's thick cotton Lycra roll-on trousers at £90 are about the most flattering fit in town.

Her own boutique is at 13 Hinde Street, London W1, and while you are there you could also pick up a hand-knitted silver or gold lurex cardigan (£225) flared so that it looks wonderful over leggings and cover most lumps and bumps. Or a velvet body by Huit (£35 from Fenwick of 63 New Bond Street, London W1). Or for those who live in a remote Scottish *fastness*, what about black cashmere leggings, £235 from N. Peal, 37 & 71 Burlington Arcade, London W1?

■ An over-sized silk shirt. Either in dashing patterns by English Eccentrics (£250 from Liberty, Harvey Nichols, Joseph and Whistles) or Hermés, or the washed plain silk ones at £50 from the Boules chain of fashion stores (London branch 22 - 23 James Street, London WC2.

■ Gauntlet gloves – dramatic, jewelled, bold with a touch of the highwayman about them (like the ones sketched far right). All good department stores sell them.

■ A *big* sweater to wear over the leggings. Most desirably from Joseph at about £385, but every store has them. French Connection has smashing ones at £54.

■ Tights. May sound dull but give her a pair from Fogal and she ought to be thrilled. Lots of colours and textures – £8.50 for the regular version, £14 luxury and £18 for the 80 denier Lycra (most sought-after of all this chilly winter). The three branches at 36, New Bond Street, London W1, 51 Brompton Road, London SW3 or 25 Burlington Arcade London W1 all do mail order.

■ Gucci loafers. From the poorest-paid junior PR assistant to the grand doyennes of the fashion world, everybody wants a pair of Gucci loafers. £150 a pair from Gucci, 27 Old Bond Street, London W1. Lots of colours but I think navy, tan or black is best.

■ Jackie O shades, from Cutler & Gross, 16 Knightsbridge Green, London SW1, and good department stores. From £69.

■ *LOTS* of strings of pearls, cheap-ish from department stores or best of all by Eric Beamon, from £89 to £300 from Harvey Nichols, London SW1. Or trawl the antique shops for ANY piece of costume jewellery by a signed name like Trifari, Schiaparelli etc.

■ An antique Paisley shawl. Scour the antique shops or try the Gallery of Antique Costumes and Textiles in 2, Church Street, London, NW8.

■ Smart shoes are big news this winter — look out especially for lots of embroidered velvet *slippers*. This court shoe by Robert Clergerie has no embroidery but still shows a certain Gallic chic. In *black or dark rust*, £155 from Wardrobe, 3 Grosvenor Street and 17 Chiltern Street, London W1. Encircling it is one of Chanel's *famous mini-bags — not new but as much the rage as ever.* £230 in purple, black or green from Chanel, 31 Sloane Street, London SW3 and 26 Old Bond Street, London W1. Also from Chanel, Karl Lagerfeld-designed *fake pearls* on gilt form a bold and arresting cuff bracelet. £325

■ Headbands, 50s-style, are *newly fashionable. This one in* nylon and lycra by Pucci is £25 from Browns

■ *Joseph, 77* Fulham Road, London SW3 and 26 Sloane *Street, London SW1 has some* very stylish jewellery indeed, carefully edited and well-chosen. It still has some Miriam Haskell pieces at prices that may seem high now but which I wager will seem *like* bargains in the future.

■ Right, a glamorous cover-up by Carmen Marc Valvo that should suit almost every shape and form and would go on sparkling through evenings for years to come. Wear *it over* evening skirts, dresses or simply with leggings (here shown with velvet leggings, £22.50 *from* Marks and Spencer). It's made in black rayon — which means it isn't warm enough for the meanest winter nights — with gold *floral* embroidery and costs £350 from Harvey Nichols, 109/125 Knightsbridge, London SW1. Can be ordered by mail

■ Right: the problem with little black dresses is that when they work they look wonderful and when they don't they look boring. This one is chilly, possibly; provocative, maybe; boring, NEVER! Made in silk velvet by Thierry Mugler, who could not turn a dreary seam if he tried, it is £580 from Browns, 27 South Molton Street, London W1. Worn with jewelled gauntlet gloves from Liberty of Regent Street, London W1, £79.95

■ Elegant suede evening handbag. £122 from Harrods, in emerald, fuschia or black

These French bronze and gold dangling ear-rings are £90

Drawings by Nicolette Elsdell

Timeless icons for modern man

BUYING PRESENTS for men in the Nineties is going to be difficult – and for that you can blame the designer decade of the Eighties. The problem is that we have been through ten years of design classics, during which men have been told that the Mont Blanc is the ultimate pen, the Swiss army knife is the ultimate pocket tool, the Rolex the ultimate watch, and so on.

So, if your man has not yet acquired all of the ultimate designer icons, you could try shops such as Oggetti, on Fulham Road and Jermyn Street, London, and Authentics in Shelton Street, Covent Garden, which sell nothing else.

Here the items which received the imprimatur of the Eighties are presented behind glass like museum pieces – which many of them have become.

But what happens now? Once a man possesses the *ne plus ultra*, there is little point in offering him a substitute. In many cases, the original won't even break conveniently and require replacement; the Globetrotter suitcase is indestructible, while the Maglite torch doubles quite happily as a cosh.

Take the Mont Blanc Meisterstuck fountain pen, for example. Pelikan has made a bold attempt to steal the limelight, the Parker Duofold has been relaunched, and even Mont Blanc has brought out a successor in a vain attempt to dislodge the fat black submarine from its position of prominence. But after hearing for ten years that this is the ultimate fountain pen, who is going to believe that something better has emerged?

The answer is to think laterally – how do you fill the ultimate fountain pen? If the answer is that the successful executive currently wrestles like a schoolboy with an inky bottle, then perhaps a cut-glass antique inkwell would prove an acceptable present.

And if he possesses the ultimate pen, what about the ultimate pencil? This year, graphic designers have gone wild over the Berol Karisma range of pencils, winners of a BBC

Design Award for their bare wood shafts cut with an elliptical end. They are available from art suppliers and some stationers, in equally well-designed boxes.

Similar lateral thinking can enliven such traditional presents as ties. It is virtually impossible for someone to buy a tie as a gift and coincide precisely with the recipient's taste. Don't risk it. "If anyone had told me that a tie like that suited me," complained Bertie Wooster, "I should have risen and struck them on the mazzard regardless of their age and sex."

However, there is one tie that a man must have some affection for, and that is his old school, college, club or regimental tie. Yes, of course he already has one – but what about a bow-tie in his old colours? These rarities are sold by T. M. Lewin, on Jermyn Street, which makes bow-ties from the same silks as its regular ties.

With drink, too, a tangential approach can yield interesting results. It must be said that the resistance to drink as a gift is more on the the part of the giver than the recipient, and if a man does have a favourite Scotch, for example, then why not see if there is an older or a limited edition available of the same brand? Milroy's Soho Wine Market in Greek Street, Soho, London is a good place for Londoners to try, but every large town should have a specialist shop.

If you do object to encouraging a chap's drinking habits, why not assist his recovery. D. R. Harris, the 200-year-old chemist shop in St James's Street, London SW1, still sells its legendary original Pick-Me-Up – "A splendid reviver in the morning", as the label declares. "This celebrated preparation has, for over a century, enjoyed a great reputation as a rapid restorative." Just the thing for Boxing Day.

And while fragrance has become an almost clichéd present for men, what about the bottles in which to keep it? Taylor of Old Bond Street (located nowadays in Jermyn Street) sells a range of beautiful pewter bottles into which he can decant his favourite scent. Either plain or etched, they are resolutely masculine and much more classic than some of the modern men's fragrance packaging.

You can escape from the confines of excellence by exploring the gadget market. But do tread carefully; make sure that the pocket databank or miniature television really is the one that he wants, and is the best one around. Check out electronic equipment in the relevant specialist magazine, or ask one of his friends to get his "advice" on the subject.

Or try thinking in terms of indulgence. All of those ultimate possessions, designed to within an inch – no, a millimetre – of their lives, pride themselves on their practicality. A £20 pullover is very practical; just the thing a man might buy for himself, and so completely boring as a present. But a £20 pair of socks in pure cashmere is a real indulgence. In spite of the cost, they wear out much more quickly than wool or cotton (so do buy those with a reinforced toe and heel), but they are immensely warm and absurdly soft. No man would buy them for himself, which makes them an ideal gift.

And while most men possess a pair of traditional chain-linked cufflinks, few men indulge in a pair specifically for evening dress; they wear black tie so rarely that they "make do" with their daytime cufflinks. Jones, in Beauchamp Place, London SW3, sells a range of elegant enamelled links, while Paul Longmire, in Bury Street, London SW1, has a unique selection of traditional fixtures and fittings from links to studs, tie-pins and stick-pins.

But if you do want to pander to a man's sense of practicality, I suggest the (perhaps unexpected) happy hunting ground of kitchen suppliers, such as Pages of Shaftesbury Avenue, London W1. From sugar bowls and coffee cups up to larger kitchen appliances, men like to feel they are using the tools which professionals themselves would use (even if that weighted carbon steel knife is only being used to separate sausages).

My breakfast has been enhanced immeasurably by a Dualit industrial toaster, in unembellished stainless steel, which happily churns out toast in roadside cafés and so never has any problem in delivering my meagre daily ration. And the Pavoni coffee machine produces the best cups of espresso and cappuccino outside restaurants and is the best present that I, a confirmed coffee lover, have ever received. It is practical, indulgent, and a design icon – what more could a man desire?

Paul Keers

HOW TO SPEND IT

Art for Santa's sake

***Lucia van der Post** tours the galleries for works of art that would make good — but not ruinously expensive — presents*

REGULAR readers of *How to Spend It* will know by now that nothing gladdens my heart more nor empties my purse faster than a beguiling piece of art, whether a semi-serious piece by a "name", a portrait of one's nearest and dearest, or some stone guinea-fowl fashioned by an unsung Botswana sculptor.

The days are long gone when those who love works of art were faced with choosing between the serious pictures and even more serious prices of the hushed Bond Street galleries or cheap and cheerful posters.

These days there are ever more galleries keen to support and show the works of young up-and-coming artists in all media. Organisations such as The Contemporary Art Society first took art out of the plush galleries and into an atmosphere more like a supermarket while small galleries sell the work of local artists and crafts people in almost every small town where an original, evocative piece can be picked up for comparatively small sum.

So if you, too, think that there is nothing finer to give your nearest and dearest than an original piece of art, but have tens and hundreds rather than thousands to spend, here are a few suggestions of where to start.

Now that glasnost is well and truly here, the current fad in art is for works from Russia. Roy Miles Gallery, 29 Bruton Street, Mayfair, London W1, has a selection of what one imagines are typically Russian works – lots of rich snow scenes, Russian churches with golden cones and robust peasants. Prices start at £300 for a framed oil and there is quite a lot of choice under £1,000 although the most sought-after names, such as Sergei Chepik, whose last exhibition was a complete sell-out, start at £4,000. There are also some watercolours but they, unusually, are more expensive than the oils. The exhibition will only be on until the 22nd.

Sheila Harrison Fine Art, 124 Jermyn Street, London SW1Y 4UG currently has *landscapes of Leningrad, Novgorod and Pskov by Igor Ivanov – all those particularly Russian* images of winter, snow, cathedrals and their cupolas, imperial palaces as well as places of culture. Prices start at around £600 and rise to £2,000.

The Cooling Gallery, 38 Albemarle Street, W1, had a marvellous exhibition in the summer of 20th century Russian paintings and has followed this with more contemporary and avant-garde work for the Christmas market. Nothing under £1,000, but some really beautiful works.

Jonathan Poole Galleries, 2 Market Place, Woodstock, Oxfordshire, has some wonderfully strong sculpture by contemporary Russian artists. Prices range from £1,200 to £1,500 while the Old Circus Bronze, photographed here (far right) is £4,350. He plans always to have a selection of fine fine contemporary sculpture from Russia.

The Alton Gallery, 72 Church Road, Barnes, London SW13 0DQ, specialises in 20th century British Art and for its Stocking Fillers Christmas exhibition there are watercolours, gouache, oils and drawings all priced at under £300 with the cheapest work on offer selling at £65.

One of the greatest bonuses of The Alton Gallery is that the owner and founder, Birthe Alton, sells most of her works complete with her own delightful gesso frames. There are few places in London where you can pick up a fine work beautifully framed for under £100 – The Alton Gallery is one of them.

Vanessa Devereux Gallery, 11 Blenheim Crescent, London W11 2EE. Well-known as a source of exciting, avant-garde work by young artists for which Vanessa Devereux has a keen eye, this Christmas she is homing in on the work of just one artist, the Kenyan-born Sunil Patel.

The paintings all have a delicate, fairy-tale quality (such as the one photographed bottom right), with recurring symbols of vessels, animals, fish or trees. Some of the pictures are tiny (4ins by 5ins) but prices start at about £250 and there is a great deal of choice at £300.

Annely Juda, 23 Dering Street, London W1R 9AA. Some really exciting innovative work for those whose tastes run to the avant-garde and adventurous. Not cheap (prices seem to average between £2,000 and £3,000) but the place for those who want something with more guts than the safely decorative.

Houldsworth Fine Art, ring 081-969-8197 for an appointment to view at 46 Bassett Road, London W10 6JL. A big choice at prices ranging from £100 to £500. There are limited edition prints by well-known 20th century Scottish artists from £80 but also paintings and drawings from £150.

The Linda Blackstone Gallery, The Old Slaughterhouse, behind 13 High Street, Pinner, Middx, is a good source of relatively inexpensive representational pictures rather than highly innovative or experimental art.

Almost all the pictures in the gallery are highly decorative and would delight even those with exceedingly conservative, not to say conventional, taste.

The gallery finds that Janet Ledger oils, which start at about £190 for the tiniest (4ins by 4 ins) and average £280, are very popular. But you could also pick up a watercolour by John Uht for £50 (he specialises in clowns).

Flowers East, 199-205 Richmond Road, Hackney, London E8 is always a good place for those with comparatively small budgets to start looking. There are lovely contemporary prints starting at about £60 and lots by reassuringly famous names for those who are just starting to explore the world of art.

Prints by such well-known names as Patrick Hughes, Elisabeth Frink, Patrick Procktor, Peter Blake, Caro and the like start at about £75 and there are small figures for sale as well.

Greenwich Printmakers, 1a Greenwich Printmakers, London, SE 10 9HZ, is probably the best place for those who love works of art but have very little to spend.

Limited edition artists' etchings, lithographs, relief and silkscreen prints start at £10 and go on up to £150. There are also some watercolours and drawings all at remarkably reasonable prices.

Example Art, 903 Fulham Road, London SW6 5HU, has a Christmas exhibition with plenty of choice at about £100. The taste tends towards the pretty and decorative rather than to serious art. Lots of still lifes, flowers and charming domestic scenes, mostly watercolours. Teddy pictures, for some, to me, unfathomable reason, seem to be highly popular.

Contemporary Applied Arts, 43 Earlham Street, London WC2, offers beautiful objects that hover in that indefinable no-man's land that is neither properly crafts nor yet strictly art.

Some of the works are so beautifully wrought that the distinction seems almost meaningless. A wonderful source of presents large and small – there are lovely engraved buttons and hand-made glass (so much more interesting and original than standard department-store fare and yet comparatively reasonably priced at something like £18 for a one-off piece).

There are also wall textiles and sculptures. Prices start at £1.20 for a tiny metal Lucky Bag by Hazel Jones while the Standing Figure by Mo Jupp is £4,000.

Above from left: Sailor by Vladimir Nekrocov, oil on canvas, £300 from Roy Miles. The Cricketer, a watercolour on paper by Amy Karina, which is being given as present to Margaret Thatcher. Also from the Roy Miles Gallery. Old Circus Bronze by Alexander Roukavishnikov, £4,350 from Jonathan Poole Galleries. Below, "I am curious . . ." watercolour by Sunil Patel, £400 from Vanessa Devereux.

The timeless quality that raises face value

*When a reliable watch costs £10, why be prepared to pay £400,000? asks **Daniel Green***

ANYONE who spends more than £10 on a wristwatch wants to do more than just tell the time. Whether they know what they are spending the extra money on is another question.

Sometimes it is easy. Much of the £25,250 price tag on Tiffany's Tesoro is accounted for by the 134 diamonds set in the bezel and bracelet.

However, Patek Philippe's Calatrava costs £30,000 and has no diamonds. It does not tell the time as well as a Tiffany, a Swatch or a Seiko either. The casing may be platinum, but glitter and accuracy are not the point: it is a mechanical watch. No microchips, no quartz, no batteries.

It costs a lot to make because of the thousands of hours taken to polish and assemble components, some as thin as a human hair, to produce a machine so complicated it can do almost anything a microchip can do.

It fetches a high price because of the desires of men (for it is largely us) to own a piece of olde worlde craftsmanship, acquire an heirloom-cum-investment or, above all, make a statement about themselves: a Rolex Oyster is a lump of gold dangling from the wrist, a Piaget peeks coyly from behind a white double cuff.

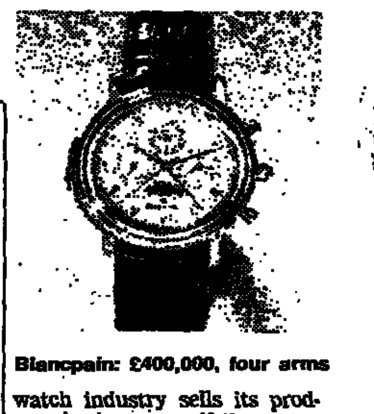
Many brands, especially designer labels, have a couple of mechanical watches at the top of their ranges. Internally they are almost identical because their movements are usually made by one of three wholesale suppliers. Like jewellery, you buy because you like the look and perhaps the label. If looks matter most to you, consider a similar model with a quartz movement – almost all mechanical watch makers sell quartz versions. It will save the bother of servicing and you can upgrade from, say, gold to platinum with the thousands saved.

Tesoro: jewellery to tell the time

A small number of companies make their own mechanical movements. The best known are Patek Philippe, Rolex and Jaeger Le-Coultre, which also supplies movements to other makers.

Several others should be bracketed with these three because of the level of finish and extra complexity added to bought-in parts. They include Audemars Piguet, Breguet, Vacheron et Constantin, Girard Perregeux, Longines, Cartier and Blancpain. Yet more are known for the quality of their casings: Ebel, Hublot and Corum (which makes a watch inside a coin) are three.

Prices start at less than £2,000. Blancpain, for example, has half a dozen models, mostly made of steel and with a leather strap, at that kind of price. This year Blancpain has made a splash with its model 1735, (annual production, ten) that sells for £400,000 and which is part of an effort to create a reputation from scratch. Of course, the whole watch industry sells its products by image, as if they were perfumes, but Blancpain's is a particularly interesting case. It claims to be the world's oldest watch brand (1735) and manufactures in an old farmhouse, but the current owners bought the then defunct name only seven years ago. Two other Swiss watchmakers, Omega and International Watch Company, also seem to be trying to revive faded reputations.



Blancpain: £400,000, four arms

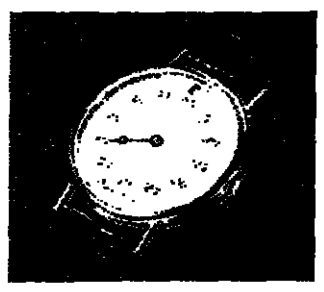
Connoisseurs prefer to rely on the verdict of the auction room. Old models of more than a dozen brands make good money in sales, but many of their makers are now producing more than enough to match demand.

Patek Phillipe: auction star

Only a select small club passes the "Ferrari test": that you can sell a new watch for more than you paid the moment you walk out of the shop. Simon Bull of Geneva auctioneer Habsburg identifies two marques likely to turn an instant profit – when you eventually get to the top of the waiting list – and four others to look out for.

■ Patek Philippe – its watches have broken £1m at auction several times recently – has an apparently unmatched combination of image, design and technical competence, especially for the most complicated watches.

■ Breguet, a long established but little-known name. Its painstaking efforts with dials and cases preclude anything more than annual production levels in the low thousands. It is also known for technical competence in the face of complexity.



Breguet: strong on cases

■ Rolex has its devoted admirers but produces hundreds of times as many watches as the likes of Breguet. Only supplies of the chronograph cannot keep up with demand.

■ Limited editions of Cartier, Audemars Piguet and Vacheron et Constantin are snapped up.

Some manufacturers have relaunched saleroom favourites. Jaeger Le-Coultre is making its Reverso (in which the watch case flips over for protection, although you cannot then tell the time) and Breitling is pushing its chronographs. They may be better made and more accurate than the originals, but a degree of automated manufacture means collectors treat them warily.

Reputations change slowly and are hard to recover when lost. Quality, complexity, design and, ironically, a timeless style influence future value, but the auction track record of the company remains the best guide.

TRAVEL

Take a break — before the snow melts

Can't wait to get out on the pistes? If you need a quick ski fix ***Andrew Anderson*** *tells you what is available*

AFTER THREE poor winter seasons, the snow looks as if it has returned to Europe. Following early heavy falls, the temperature has remained near freezing over a wide Alpine area. There are many reports of good early snow cover, even at resort level, with the all-important ground-level "base" well-frozen, and last weekend's blizzards brought even more. Optimists are talking of a season to remember, rather than forget.

Such news is manna for the UK-based skier, who tends to spend only one week a year skiing and the other 51 dreaming about snow, praying for snow, and giving vent to terrible curses when snow fails to appear. Timing has been the crucial factor for those on the wrong side of the English channel.

One way to take advantage of early snow is to book a short-break skiing holiday. A weekend, or long weekend, is an increasingly popular option for well-heeled but desk-bound ski fans: out to the Alps on Friday night, two days blitzing the pistes and back at work by Monday morning with a sun tan and a smug expression.

Such breaks usually involve the use of scheduled flights — a welcome respite from the crowded Gatwick charter runs — and upmarket hotels. They are not cheap, but judicious use of the latest snow reports and last-minute booking can ensure high-quality skiing. Mostly they include lift passes, airport transfers and the services of a resort representative. High-intensity coaching weekends are also offered.

The Swiss airports — Geneva, Zurich — and resorts are the most favoured for convenience, with Chamonix in Haute-Savoie (France) also scoring highly. Austria's Innsbruck airport is another option, with Igls and Mutters nearby. Closer to home there is the Cairngorms in Scotland.

Many travel companies are now moving into the short-break ski market; for a few specialists it makes up a large part of their business.

Ski Solutions (Tel: 081-944-1155), is probably best-known for suggesting and sorting skiing options for large groups, and is a good place to start. Amanda Woodbury, a company partner, says: "We are often the first point of call for people who want to go off for the weekend but aren't sure what is on offer. We have the latest weekend offers on computer and can arrange a short break at minimal notice, even on a Thursday afternoon.

"For the most popular skiing dates — the first two weeks of March, say — many hotels are fully booked, so it can be difficult to arrange accommodation; but late December and January is an excellent time."

Woodbury recommends the following ski resorts as being particularly accessible: Alpbach, Kitzbuhel and Zell am See all in Austria; Chamonix, Argentiere, La Clusaz and Megeve in France; and Courmayeur in Italy. Switzerland stands out as rail transfers are convenient and inexpensive.

Ski Weekend (0367-241636) offers two-, three- or four-day packages to Chamonix and Morzine/Avoriaz. For example, two days in a two-star hotel (own bathroom), with scheduled Swissair flight on Friday afternoon, transfer by minibus, resort rep services and lift pass, costs £295; a three-day break is from £345 and a four-day one from £395. There is a £20 supplement for the Manchester-Geneva link. Corporate short breaks are catered for.

Sue Greenslade, of Ski Weekend, says:

"The latest deadline we have fixed a holiday for was on the day of departure — the Friday morning. However, that caused a few problems as we had to courier the tickets. Obviously the more warning we have the better, but we can fix something up in 24 hours if necessary."

Powder Byrne (071-223-0601) comes highly recommended for its choice of resorts, weekend packages and decent hotels; it, too, can organise corporate weekends. Again, scheduled Swissair flights are used, with Rory Byrne, the managing director, recommending the 4pm Heathrow-Zurich flight.

"Weekend skiing is a big part of our business," says Byrne. "We run two-day or three-day packages to Switzerland which are ideal for business people. The 4pm flight on Thursday or Friday gets you to Zurich at about 7pm. One of our reps meets you at the airport with a minibus and takes you to Klosters, for example, which is 1½ hours away, or Flims, 1¾ hours. You get to your hotel in time for dinner at 9pm.

"Next morning our rep meets you at the hotel with your ski pass, and can also arrange ski hire. You can ski with him all day when you are in the resort. We have arrangements with the hotels that you can shower and change on Sunday afternoon and get picked up at 4.30pm in time to get to Zurich for the 8.08pm flight, which gets you back to Heathrow at 8.30pm local time Sunday."

Powder Byrne long weekends (for example: three nights half board, three full days skiing, leaving Thursday or Friday, arriving back Sunday or Monday) cost from £351 to £660 or more depending on resort, hotel and date. A Klosters three-day lift pass is about £50. Intensive tuition weekends — ideal for getting rusty legs back in condition — are available in Flims on certain dates at an extra cost of £112 per person, maximum four to a group. Other weekend resorts include Arosa, St Moritz, and Grindelwald.

The company is also the booking agent for the Swissair short-break skiing programme (again, 071-223-0601). This includes return economy class scheduled flights to Zurich or Geneva and two nights half board in double/twin room. Prices per person range from £199 for an economy hotel to £339 for luxury accommodation. There is a £42 per person supplement for flights from Manchester and Birmingham (flights Manchester-Zurich 8am, arr 11am; Birmingham-Zurich 8.35am, arr 11.25am).

Swissair's Mountain Option break includes a Hertz hire car, which brings other resorts into striking distance. Prices from £299 to £376. The resorts offered include Crans Montana, Davos, Saas Fee and others.

Ski Tal (081-398-9861) is another weekend specialist: under its Ski Sunday programme it offers two-night breaks (out of London on Friday night, returning Sunday night) to Les Carroz in France or Leogang in Austria, although three-day or longer breaks can be arranged. Holidays, including half-board double rooms in quality hotels and flights to Munich or Geneva, cost between £205 to £230 per person.

Other companies offering weekend or short break holidays include: Tailor Made; Ski Alternatives; White Roc Ski; Snowtime; Swiss-ski; Snowbizz; Ski Scott Dunn; Fresh Tracks; Collineige Ski; FlexiSki and even the mighty Thomson. For the latest snow information, the Ski Club of Great Britain's snow line is on 0898-400-150. Normal 0898-number charges apply.

Other alternatives usually involve booking your own accommodation: not too much of a problem in freezing January, but a potential headache in the busy weeks of March. The Swissair Super Apex fare from London to Geneva or Zurich costs £123 and is available on all Swissair flights, although it has to be booked 14 days in advance. The Swissair Super Pex fare costs £166 return and is bookable until the day of departure. Tel 071-439-4144 for reservations.

From Geneva in a hire car you can strike out for Crans-Montana, Champery, Gstead, Verbier, Villars and Les Diablerets. France beckons with Morzine, La Clusaz, Avoriaz, Les Deux Alpes, Chamonix/Argentiere, and Châtel.

Nearer home for British skiers, in miles if not hours, there is Scotland's Cairngorms skiing area, based around Aviemore. Again, early snow has increased hope of a good season, and Aonach Mor, Scotland's newest ski resort, near Fort William, has just installed its first snow cannon. Aviemore is just under 500 miles — plus a few traffic jams — from London.

British Rail runs a sleeper from Euston at 9.10pm on Fridays, arriving at Aviemore at 8.32am Saturdays. Return fare is £76 for a seat; for sleeper service, add £20 each way. You can also take a car by train to Fort William. Motorail details: 0345-090700. Dan-Air and British Airways both fly to Inverness.

For the ultimate short break, be bold: hire a Lear jet and spend Christmas Day on the slopes at St Moritz. You want to know the cost? Then you cannot possibly afford it.

Beautiful place, brutal history

Arnold Wilson visits an area unknown to European skiers — south west Colorado

MOST British skiers start their love affair with the US in places such as Vail, Breckenridge, Copper Mountain and Keystone. But there is another Colorado — the south west — remote, beautiful and almost unknown to European skiers. Although conventional jets are gradually finding their way to some of the area's toytown airstrips, their availability is by no means guaranteed The alternative can be disconcerting for those used to large jets.

Our aircraft resembled a ballistic missile with propellers. We had to crouch to make our way along the narrow tube to our seat. The aircraft took 20 passengers. This is how a lot of US skiers reach the more remote but often inspirational resorts in the back of the American beyond.

"You may not be familiar with the safety features of the Beechcraft 1900C," said Dave Howard, our co-pilot on the flight from Denver to Gunnison. In such a tiny flying machine there is no room for cabin staff. "There's a fire extinguisher under my seat and right behind the cabin door," said Dave. "There are oxygen masks next to you. If instructed you should put yours on first and then put one on any children or people behaving like children."

As you approach Telluride, the huge, sheer mountain wall dominated by Ajax peak rises dramatically above the old mining town, dwarfing it with almost Himalayan proportions. It can put the fear of God into skiers who do not realise — especially if they arrive on a moonlit night — that the skiing area, steep though it is, is to the right and not straight ahead.

Telluride (named after a gold ore which contains tellurium) lies at the end of a startlingly beautiful box canyon not far from the borders of New Mexico, Utah and Arizona. The resort's slogan is "The most beautiful place you'll ever ski."

Beauty and brutality sometimes go hand in hand, and Telluride's extraordinary history is chequered with extremes of hardship, squalor, riches, hope, poverty, death, vice, destruction and triumph. Its name was frequently adapted to "To hell you ride."

Once the haunt of Cornish miners and Irish and Italian railroad labourers, the area is riddled with wonderfully evocative names as well as valuable minerals: Uncompahgre valley means valley of dirty water, or sulphur springs. Pandora was the terminal for the old mining trams and the site of the famous Smuggler mine.

At Bridal Veil falls, legend has it that a bridegroom slipped 365 feet to his death in front of his bride during a visit to the old powerhouse. And the Elephant slide was the scene of a terrible avalanche early one morning in 1902 as miners were making their way up to the Liberty Bell Mine. At first only a handful of men were buried, but a fresh avalanche buried the rescuers and then a third one killed the rescuers' rescuers; 19 died in all.

The Galloping Goose is a "monstrous hybrid" automobile rebuilt to run on rails, and is still to be seen parked next to the court house in Main Street (Colorado Avenue). The line closed in 1951. Colorado Avenue was also the scene of Butch Cassidy's first unauthorised bank withdrawal when he and the rest of the Wild Bunch escaped with $24,000 from the miners' payroll.

It was some of the Scandinavian miners who introduced skiing to the valley. Runs on Coonskin mountain with names such as Spiral Staircase, The Plunge, Jaws, Coonskin and (Franz Klammer's favourite) Kant Mak'm (an anagram of the initials of the children and grandchildren of Ron Allred,the resort's president), already provide superb skiing for enthusiasts, along with Electra, Silver Glade and Apex in Gorrono Basin.

Power Line, a swathe cut through the trees a century ago, marks the route of one of the world's first cables to carry an alternating current — pioneered by a local eccentric, L.L. Nunn, and used to illuminate buildings in Telluride and the Gold King mine.

Telluride is full of mystique and is expanding in a big way

Now there are plans to build three new lifts behind San Joaquin village. One will open up expert skiing on Gold Hill (12,247 ft); the others will give access to some excellent intermediate terrain in Prospect Basin where the snow usually arrives early and lasts longer. New trails for beginners have been added each year since 1987. Sunshine Peak now offers almost 10 miles of nursery slope trails.

What the resort needs in order to realise its huge potential is more beds and Telluride is expanding in a big way. The new ski village will eventually be linked direct with the town by gondola. But locals are anxious not to disturb things too much. "Telluride is full of mystique," said one. "The last thing we want to do is turn it into a huge dormitory area."

There were no such problems for us: we were in a tiny cabin built in the high meadows of the San Juan mountains by Mike Farny, a member of the US ski team for seven years. It is part of the Skyline Guest Ranch (9,600 ft) owned by his parents, David and Sherry, and run during the winter by his sister, Cindy. The ranch, an old logging camp, is surrounded by 14,000 ft peaks.

The view must be one of the most exquisite in America, perhaps more so in the summer. Farny, a former bomber pilot who ran a private ski school at Aspen for many years, put on his cowboy hat and ski boots and took us skiing. We were lucky. He has taught an awful lot of people how to ski, including Jack Nicholson, and it was Farny who introduced Franz Klammer to Kant Mak'm. We finished with a wonderful cruising run called See For Ever. The locals call it Ski For Ever. Unfortunately we could not. Crested Butte — not a bird but a mountain — was calling.

Originally a tiny "mom-and-pop" ski hill, it opened in 1961. Butte — which means a lone mountain — is Jimmy Carter's most recent love. "Rosalynne and I started skiing late in life," the former president told me during the apres-ski happy hour at the Grand Butte hotel. "I was 62. Rosalynne was 59. We love the exhilaration, the scenery and the freedom. It's like fly-fishing. You can't enjoy that in a bad place." Carter was accompanied on the slopes by the inevitable collection of secret service agents. He and Mrs Carter ski at different levels, so they ski with him rather than with her.

Crested Butte has 81 trails — almost 900 acres of good all-round skiing and some spectacular extreme descents (including Cesspool and Sock It To Me) on the North Face and in Phoenix Bowl.

Voted one of the ten most romantic ski resorts in the US, Crested Butte's motto has long been: "Heaven forbid we should ever be like Vail or Aspen." This is a slight affectation, since the skiing is not quite in the same league. But they do encourage informality. So much for my dress-shirts and ties which lay, unused, in the bottom of my suitcase.

■ Arnold Wilson's visit was arranged by Ski The American Dream, 4 Station Chambers, High Street North, London E6 1JD. Tel: 081-470-1181.

Treeline skiing on the slopes at Telluride

More holidays and travel advertising appears on page XVI

Christmas breaks

Definitely room at the inn

David Churchill sifts through the holiday travel breaks on offer from top hotels at home and abroad

CHRISTMAS is arriving rather late this year for the travel industry. Hoteliers and travel companies report bookings for accommodation and holidays over the Christmas period at below the level of recent years, although bookings have picked up substantially over the past week or so.

Those still looking for a Christmas break at home or abroad — or simply for a restaurant table on December 25 — still have some options, although these are becoming increasingly limited as the holiday draws near.

What has dampened demand has been the effects of the UK recession, combined with the sharp decline in the number of free-spending American tourists willing to spend up to £700 per person for a minimum four-night stay at a top British country house hotel. (The Lygon Arms, Broadway, in the Cotswolds, is offering such packages, and says it has a few rooms left).

American tourists traditionally provide the bedrock of the up-market Christmas trade in UK hotels and country houses, but the impact of a weak dollar and the threat ofconflict in the Gulf is keeping many at home. In their place, so the lodgings business reports, are more Japanese visitors than ever before, plus bigger numbers from continental Europe.

The fact that top country hotels — almost all of which provide a full programme of fun and games — have space left at all is a symptom of the state of the market. There is plenty of room at the inn.

However, those looking for somewhere to stay that is different might think about the newly-refurbished Dorchester Hotel in London's Park Lane. The reported cost of its refurbishment is about £72m.

Although a bit too glitzy for some, the Dorchester is at present under a third full for Christmas Eve and Day and is offering double rooms at a bargain £207 per night instead of the usual rate of just over £247 for a standard room.

Virtually all London's top-class hotels have some space left for those who want to get away from it all. The Four Seasons Inn on the Park has rooms at £180 per night which includes a free bottle of champagne on arrival.

The Grosvenor House, also in Park Lane, has accommodation available for a two-night Christmas package at £130 per person, including a Christmas Eve dinner-dance and Christmas Day lunch, or £80 per person without meals. The Savoy Group's properties — Claridge's, Berkeley and the Savoy Hotel itself — all have rooms left.

Those wanting to stay in a city — but further afield than London — might consider the newly-refurbished (at a cost of over £3m; design work by Christian Liaigre) Hotel Montalembert in the heart of the Left Bank in Paris. Like the Dorchester, the Montalembert has yet to rebuild its traditional Christmas traffic, and is offering a five-night Christmas stay for about £350 per person including Christmas Day dinner. Other Paris hotels, such as the Hotel de Crillon and the Ritz, also have plenty of rooms left.

For the even more adventurous (and wealthy), a Concorde Chistmas break in New York would cost about £4,000 for the flight (seats available on Concorde 001 leaving Heathrow on December 23 at 10:30am, arriving at 9:20am in New York) and staying at the Plaza on Fifth Avenue (suites from about £300 a night). BA's general flight availability over Christmas, however, is described as "very tight."

For those wanting the luxury of Concorde but not so well-heeled, Goodwood Travel has seats available on a Concorde charter on December 23 at £499 per person; the flight does not actually go anywhere, just breaks the sound barrier over the Bay of Biscay.

On the same day, Goodwood is also offering trips on the British section of the Orient-Express train which will chug around the Kent countryside while passengers enjoy a five-course lunch, all for £159 per person.

Seats, not surprisingly, are still available.

British country house hotels have been feeling the recession more than most, and a few rooms are still available at many of the popular ones, including Bishopstrow House at Warminster in Wiltshire, Crabwall Manor in Chester, and Chewton Glen at New Milton, Hampshire. Cliveden, at Taplow in Berkshire, is fully booked.

Those encouraged by last weekend's wintry weather to seek a sunshine break over Christmas may have some difficulty finding a suitable package deal. Travel agents such as Thomas Cook report very limited availability for packages to favourite winter short-haul destinations such as Tenerife. Long-haul specialist Caribbean Connection says its has no holidays left for Christmas in the Caribbean.

Ski holidays, however, are still available, due to the slump in bookings earlier in the season. Citalia, for example, says it has plenty of seats going to the Italian Alps, which are enjoying good snow conditions.

FOOD & WINE

Ham it up over the holiday

***Lucinda de la Rue** takes up smoking – just for Christmas and New Year*

IT IS traditional at Christmas or New Year to serve a burnished, whole ham alongside the mandatory turkey and then to offer it again and again as a wonderful standby throughout the festivities – it needs only to be lined up with some Cheshire cheese, home-made pickles, beet, sweet cucumbers and freshly baked potato cakes.

There is no comparison between this melting and tender meat, redolent of the fumes of oak chippings and beech shavings, and the D for Disgusting-shaped ham which you buy in plastic bags oozing white fluid.

Fortunately there seems to be a move to revive the reputation of ham, and the old tradition of dry-curing naturally reared pork is coming back into vogue.

The back leg of a mature pig (or hog) which has been cut from the whole carcass and then cured, smoked and cooked individually is simply a ham.

However, matters become more complicated because there are various different types of ham to choose from. Virginia hams, prized for their sweetness, are cut from razorback hogs fed on peanuts and peaches. Authentic Vale of York ham – the Rolls-Royce of the meat world – is dry salt-cured and lightly smoked. There is Wiltshire ham, Irish peat-cured ham, small, black-skinned Bradenham ham and many more.

You can now buy old fashioned hams from farms up and down the country. These farms tend to rear rare pigs such as Old Spots and Large Blacks and to feed them a clean simple diet. They are allowed to lead happy lives in large open spaces and enjoy exercise, fresh air and sunlight. They are never given growth promoters, antibiotics or hormones.

The ham is cured either by rubbing salt into the meat or leaving it to soak in a light brine. It is smoked over oak and then finally cooked in a variety of ways. (I enjoy the lightly-scented flavour of ham when it has been cooked in cider with spices and orange peel).

If you are buying a cooked ham, do not be afraid to take a skewer with you. Select one that is not too fat and plunge your skewer in close to the bone to the middle of the ham. It should come out clean, and smelling sweetly of hazelnuts – then you know you are on to a winner.

If time is on your side, you might opt to cure, smoke and cook your own ham. If so, then for two hams you will need 1lb of moist sugar, 1lb of common salt, 2 oz of saltpetre and 1 quart of vinegar.

Rub the hams with salt and leave them in a large pan for three days. Drain the hams and throw away the brine. Mix the sugar, salt and saltpetre together and rub them well into the hams.

Put them back into the pan for three days, then pour the vinegar over them. Turn the hams every day for a month and then drain them well and rub with bran.

You can smoke the hams over a wood fire but be particular about hanging them as high as possible over the fire – otherwise the fat will melt and they will become dry and hard.

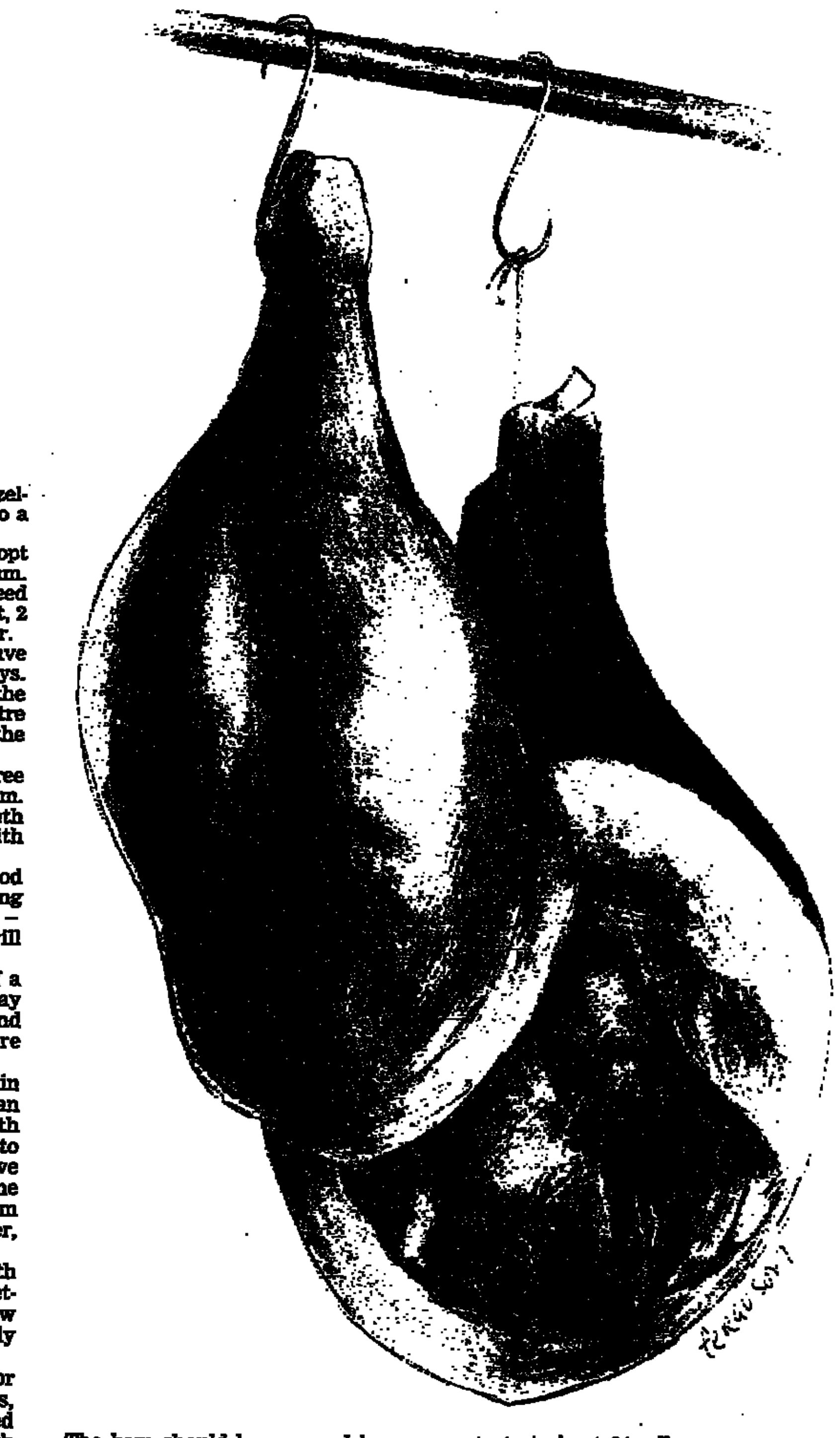
If, by now, this seems too much of a romantic notion, then like me you may prefer to buy a ham already cured and cook it yourself a few days before Christmas.

The ham should first be soaked in cold water for 12 hours, scraped clean and put in a large pan. Cover it with cold water, put on the fire and bring to the boil slowly; simmer for four to five hours, according to the size. When the ham is cooked draw the pan away from the fire and let it get cold in the water, then take it up and skin it.

You can either cover the ham with toasted wholemeal breadcrumbs or, better still, you can baste it with a few tablespoons of madeira and then thickly coat it with soft brown sugar.

Put it in the oven at Gas mark 8 for 15 minutes until a golden crust forms, and then send it to the table adorned with a paper ruffle. Do your homework before you carve the beast because it is important to keep it looking nice and at the same time you want to be economical.

Use a sharp knife and start carving at the rounded end. Keep cutting until you reach the bone and then continue by rotating the ham as you go. This way you have a choice of slices with or without fat and the ham can be carved right up to the knuckle.



The ham should be wrapped in greaseproof paper and stored in the fridge. It will be quite happy there for about four weeks. If you have seriously over-catered, it can be wrapped and put in the freezer for up to three months.

There are quite a few farms now who will deliver or post your fresh home-made regional ham to you. Obviously prices vary depending on whether you opt for a smoked or unsmoked, cooked or uncooked, half or whole ham, they start at about £4 a lb.

■ The following all take telephone orders:
Dukeshill Ham, Bridgnorth, Shropshire. Tel: 074-635-519.
The Pure Meat Company, Moreton Hampstead, Devon. Tel: 0647- 40321.
Heal Farm, Kings Nympton, Umberleigh, Devon. Tel: 07695-2077/4341.
The Teesdale Trencherman, Startforth Hall, Barnard Castle, Durham. Tel: 0833-38370.

Where have all the debs gone?

***Giles MacDonogh** feels old in Paris – on a cookery course*

THE WORST thing about getting old is finding that the world is liable to change without you noticing. Last week I felt distinctly old when I took up an invitation to spend a day as a pupil at the Paris Cordon Bleu School. The problem, however, was not that I was the oldest person there; simply that the school did not live up to the conceptions I had gleaned in my youth.

In those days there were a number of expensive girls' schools which appeared to measure academic success, not by the number of places they achieved at Oxford and Cambridge, but rather by the number of pupils they were able to pass into Oxford secretarial schools such as the Marlborough and the Oxford and County ("Ox and Cow"), or into cookery schools; above all, the Cordon Bleu in Paris. The contemporary theory was that if you had not found a husband by the time you had finished the course, you would at least have a qualification enabling you to earn a little supplementary income while you scoured the ballrooms of London.

I expected something of this atmosphere when I arrived at the Cordon Bleu's Paris centre at 8.45am on a November Thursday; reality, however, was quite different to my conception. Instead of a host of squawking debs, the patisserie demonstration was populated by the most variegated group imaginable: Americans, Mexicans, one or two French, some Spaniards, a New Zealander, lots of Japanese, and not an English face to be seen. Moreover, nearly half the class were men.

The Japanese were extremely attentive, covering their notebooks with hieroglyphics. A couple of elderly American women occasionally rose to photograph the chef at work while an American girl translated his course into very American English (why is it that Americans have to rhyme basil with nasal, *crêpes* with drapes, and give the word herbs a mute h?). The demonstration went on for three hours, at the end of which we were all tucking into some very professional *petits fours secs*.

Not all those present were enrolled at the school. The morning demonstrations are semi-public, and anyone can attend for a modest sum, providing there is space. Although this was a basic course, students were expected to assimilate a considerable amount of information and use it during their practical class the following day.

The demonstrations are in the purest school of French education: intensely magistral. The teacher informs, the student listens; it might have been a lecture at the Sorbonne. After lunch, however, I had a chance to make a mess in the practical class. There I met my first English woman – from Surrey – and was introduced to another who turned out to be the niece of a prominent London wine merchant. Neither were exactly debs.

Our task was to make a basic dish of pork chops *à la charcutière* (a *sauce Robert*, containing thin strips of gherkins) and a purée of potatoes. This was still the beginners' class so the recipe was far from complicated. Even so, it provided the chef with the opportunity to instil basic techniques such as the binding of sauces and the making of purées which were exceptionally useful to an autodidact such as myself.

In the later afternoon I sat in on another demonstration; this time an advanced class learning to decorate a duck terrine and make a complicated seafood *vol-au-vent*. This was followed by the Thursday evening guest demonstration: Gerard Fouche, the new chef at the Grand Vefour restaurant in the Palais Royal, showed us how to make two dishes from his menu: a sea-bass covered in potato scales and served with a sea-urchin sauce; and foie gras cooked with artichoke hearts in a Moroccan "brick" pastry pancake. The demonstration was gripping, and the results passed around to taste – absolutely delicious.

In the evening I had dinner with the school's owner, André Cointreau (mother, Rémy Martin cognac; father, orange liqueur). Cointreau bought the school in 1984 and three years later he supervised its removal to ultra-modern premises in the 15e *arrondissement*. Although Cointreau has plenty of other businesses, he is excited about the potential of the Cordon Bleu and its spin-offs in London and Japan. In his opinion the full *Grand Diplôme* (minimum one year) was the shortest and most complete exposition of the classic cuisine available anywhere, and the perfect foundation for going on to work under a great chef. For those not requiring the full course there are pâtisserie courses and four-day intensives.

For those who can afford it, the Cordon Bleu can offer an alternative to the hotel kitchen and is not simply a preparation for the marital dinner table. It can be hard work, if my day was anything to go by; I was ready for bed when I got back to the hotel, more shattered than even my youthful conceptions.

■ Information: Le Cordon Bleu, 8 rue Leon Delhomme, 75015 Paris. Tel (1) 48 56 06 06. Fax. (1) 48 56 03 96. Prices start at FFr 4,000 (£408) for a four-day intensive course, rising to FFr 20,000 for a three-month patisserie course, or FFr 25,000 for three months' cookery. You will require two pâtisserie courses and three cookery courses before you are eligible for the *Grand Diplôme*.

FOOD & WINE

A seasonal book tasting

***Edmund Penning-Rowsell** dips into a sack of wine books*

The Wines and Vineyards of France (356p, Viking £20) is a highly authoritative work. Edited by Professor Pascal Ribéreau-Gayon, director of the Oenological Institute of Bordeaux University, with the collaboration of the Institute National des Appellations d'Origine, it is excellently planned and produced.

The first part deals with background history, means of production, conditions needed for success and appropriate food accompaniments; although pages devoted to the cinema and tourism might appear inappropriate to its scholarly level.

The most useful features of the second part are maps large enough in scale to pick out the important properties.

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Larousse Wines & Vineyards of France (639pp, Ebury Press, £35) is a more workaday reference book, particularly useful to professionals and those looking for more detailed information.

There are lengthy articles on grape wine diseases, mechanical harvesting and tables showing the composition of musts and wines; with notes on all the AC districts and their wines, and a list of *vins de pays*. Vintage and production totals might have been brought more up-to-date.

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Clive Coates' *The Wines of France* (416pp, Century, £25) is a much more personal work, based on his extensive tours of the French wine districts for his monthly wine newsletter. All the information obtained provides the viticultural and wine-making background, with a big list of the more important grape varieties. Throughout there are useful statistics of vineyard sizes and output and the names of leading properties and growers.

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Six years ago Bernard Ginestet, former owner with his father, Pierre, of Ch Margaux, issued the first of a series devoted to the leading communes of Bordeaux wines, but later spread into Burgundy. He now aims to include Alsace and Champagne.

The volumes on *Margaux* and *St Julien* have already appeared in English. Those written by Ginestet, unless otherwise indicated, are *St Emilion* (£17.95), *Sauternes*, *Moulis Listrac* (Didier Ters), *Chablis* and *Le Montrachet* (Jean Bazin) – all at £14.95 each – and are published by Longmans.

They vary in length from 318 pages for *St Emilion* to 191 for *Moulis Listrac*. The pattern of each volume is identical: a descriptive opening section, much of it historical, followed by an alphabetical list of properties and/or growers, within the Bordeaux communes. A sometimes over-generous ranking is included. The detailed information provided throughout the series cannot easily be found elsewhere, and the plentiful, well-reproduced illustrations have been imaginatively chosen.

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Burton Anderson's *Vino* (1980) first opened up to the outside world the distinctive qualities and potential of fine Italian wines, and now in *The Wine Atlas of Italy and Traveller's Guide* (320pp, Mitchell Beazley, £25) he has provided an extraordinarily comprehensive work at a time when great efforts are being made to raise the quality of Italian wines.

These are produced in all the country's 94 provinces, with no fewer than 232 controlled appellations, although two-thirds of the total comes from only 20 of these.

The 60 maps range from national and sectional ones, corresponding to the six sectors in geographical order, to regional and detailed maps of the more important zones. They even include the location of the leading properties and producers, although these may be difficult to pinpoint.

The maps are supported by full descriptions of the wines, their chief producers and merchants, with critical comments and travel information.

Only those who have visited at least some of Italy's wine areas can fully appreciate the success of the author's massive undertaking. The publishers have done him well with seductively attractive illustrations. A must for all serious Italian wine drinkers.

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It is happily complemented by Rosemary George's *Chianti and The Wines of Tuscany* (225pp, Sotheby's Publications, £19.95) and *Barolo: Tar and Roses* by Michael Garner & Paul Merritt (275pp, Century, £20) for these are Italy's two top wine areas.

Tuscany provides some of the most interesting, approachable wines, and the book describes some of the evolution and experiments in European vineyards in recent years: notably in Chianti Classico, Brunello di Montalcino and Vino Nobile as well as among the superior *vini da tavola*.

These are set out in detail, and in each appellation full notes are given on the leading growers and their wines – more than 60 in Chianti Classic and 20 in Brunello. Lesser known DOCs are included, and there is a chapter on Vino Santo, a Tuscan speciality. An attractively written, compendious record for the growing number of serious Italian wine drinkers and a guide for visitors to this most attractive European wine region.

Garner and Merritt are *importers of Italian wine, and* their book is professionally written, and more from the inside than Rosemary George's. Although chiefly devoted to Barolo and Barbaresco, the other important wines of the Alba area, Nebbiolo, Dolcetto, Freisa and Moscato d'Asti are not neglected.

After describing the historical and geographical background, as well as details of viticulture and vinication, the bulk of the book is devoted to an exhaustive travel round the classical communes of Barlo and Barbaresco, followed by profiles of the leading growers and a vinous who's who. A definitive work to stimulate interest in what should be world-class wines.

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The Wines of Greece by Miles Lambert-Gócs (308pp, Faber, £14.99) *may justifiably* be called a labour of love. The opportunity to buy Greek wines is more limited in the UK than in the ethnic shops of the American author's country but, nevertheless, with Greece in the EC, a system of 27 controlled appellations has been introduced. The growing proportion of wines marketed in bottle, essential to the improvement of quality, pres*ents the possibility* of greater availability in the UK.

The author's scholarly, highly-detailed work will be invaluable in sorting out the large number of wines produced from no less than 40 different main grapes.

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The Sotheby's Guide to Classic Wines and their Labels by David Molyneux-Berry (400pp, Dorling Kindersley, £25) lists more than 2,500 wines and reproduces their labels in colour.

Each is accompanied by a succinct note, briefly describing the wine's characteristics. Inclusion is a mark of commendation. For example, only 12 Clos Vougeot labels are illustrated, although the vineyard has more than 80 growers. By a former director of Sotheby's wine department, it will be particularly useful for the New World and South American wines, less familiar here than those of Western Europe.

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At a time when the consumption of sherry has regrettably been declining, it is timely that the most detailed work on sherry in English – *Sherry, the Noble Wine* by the late Manuel Gonzalez Gordon (256pp, Quiller Press, £14.95) – should be republished, and to some extent updated and partly rearranged by John Doxat. Although highly informative it is also charmingly written by one who was clearly in love with the wine he made and sold.

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This year Sandeman's has been celebrating its 200th anniversary as a port house, a few years before it also began to sell sherry.

The 1970 vintage was the first to be sold under a merchant's name, and for many years, Sandeman was the biggest port importer into the UK.

After the First World War it marketed its sherry only under its own brand name. *Sandeman – Two Hundred Years of Port & Sherry* (151pp, Granta Editions, £12.95) records the company's history in an agreeably produced, attractively illustrated account. The company is family-run although it has been owned by Seagrams since 1979.

The ever-popular Christmas hamper

Just perfect packages

THE THING about hampers is that, like stockings, they hold out the promise of endless delights.

The best hampers are the ones chosen carefully and compiled by hand – matching contents to character. Sun-dried tomatoes, pesto sauce, salami, strings of garlic, green Le Puy lentils are perfect for the friend with a love of Italian food.

Truffles, foie gras, a fine claret, a golden Sauterne, a small tin of caviar, smoked salmon for the gourmand. A selection of fine oils from extra virgin olive oil to sesame and walnut, porcini, green peppercorns, bottled fruits in brandy, fine English cheese, wild rice, fresh green walnuts, dried raisins on the stalk, slab of bitter *dark chocolate for the cook* and so on.

But when it comes to ready-filled hampers for my money the most interesting selection comes from Hobbs of Mayfair, 29 South Audley Street, London W1 (tel. 071-409-1058). Apart from the contents (which are varied and mouth-watering) it offers a splendid range of containers – from a beautifully simple Shaker box or a handcrafted wire trough to a wooden oyster casket or a proper old-fashioned wicker hamper.

Contents are delectable. You will find pesto, mixed peppercorns, wild rice, peaches in muscat wine, fine olive oils, raspberry and mint vinegars, fine teas and coffees, smoked salmon, bottled quails eggs, jars of antipasta (a mixture of red peppers, anchoves, capers and garlic). Prices do not seem to me outrageous for what is on offer. For £25 you could send a double-handled rattan basket containing green olives with lemon, honeyed pecans, and antipasta. For sheer stylishness it would be hard to beat a whole farmhouse cheese wrapped in a crisp white damask square and packed into a simple Shaker-style box with lid for £28.

Wholefood hampers could be the answer for those who prefer their food preservative and colour free. At The Original Wholefood Hamper Company, Building Y, Metropolitan Wharf, Wapping Wall, London E1 1AA (071-702-2544) the hampers are filled with traditional regional and national foods, as well as with natural products. There are six different hampers. The Ideal Present, at £20, contains smoked cheese, tropical fruit relish, sunflower oil and sesame seed wafers, oak smoked salmon, preserved ginger and a bottle of Muscadet. If it is delivered in a basket the price goes up to £28.30. The Four Star – with a list so long I have not room to mention it – costs £240.13.

Heal Farm, King's Nympton, Umberleigh, Devon. (07695-2077) has a Christmas hamper for the smaller family – a brace of dressed pheasant, half a Heal Farm ham cooked on the bone, 1lb of traditional back bacon, traditional pork sausages and lots more for £175, while the hamper for the larger family will set you back £335.

The Pure Meat Company, Moreton Hampstead, Devon (0647-40321) offers, as its name suggests, additive-free meat from animals farmed in the traditional way. You could order a free-range turkey (£2.40 a lb), a goose (£3.80 a lb) or one *of their famous five or three*-bird roasts.

For something not too elaborate but elegant Presents of Mind, Berwick Barns, Terling Hall Lane, Hatfield Peverel, Essex (0245-381220) has something as simple as a *half bottle* of Dow's vintage port, plus a jar of Whitfield's Blue Stilton Cheese, in a wooden box for just £14.55 (delivery £3,50 extra).

At Villandry, 89 Marylebone High Street, London W1M 3DE (071-487-3816) you can not only choose your container – anything from a wicker hamper to a simple box or a pottery fruit bowl – you can also choose the contents from any of the shop's groceries.

A company called The Chairman's Hamper (071-384-1122), does a Russian Imperial Hamper (£155 plus VAT) that includes a bottle of Russian wine from the Czar's cellars at Massandra, a bottle of Black label Gorbatschow vodka, Russian caviar and smoked sturgeon. The Royale (£475 plus VAT) includes quail, hare and duck pâtés, quails' eggs in a jar, wholegrain mustard, smoked salmon pate, honey ginger, champagne and fine Cognac and lots more.

Finally, if you are looking for some little novelty with which to perk up the Christmas table you might like to *know that Gourmet Greetings*, 5 Magna Carta Lane, Wraysbury, TW19 5AF (0784-482892) sells edible crackers – little fruit cakes with Christmassy motifs at £5.50 each.

***Lucia van der Post** picks the best Christmas hampers*

FOOD & WINE

A life in the day of Rebecca

***Nicholas Lander** finds out how one restaurateur combines domestic and business interests*

DURING December restaurateurs pay a large price for their very positive cashflow – they see correspondingly little of their families. For Rebecca Mascarenhas, proprietor of three restaurants and a delicatessen, the family is never too far away.

While her brother runs her restaurant in Nottingham, and her husband James is an integral part of the business, their daughters, aged two plus and one, play happily in the flat above the restaurant and delicatessen in Barnes, south west London.

This happy combination owes only a small amount to luck. Since deciding to quit the stage in 1981, fed up with waiting for the phone to ring, Mascarenhas has acquired all the necessary experience to run a feeding business with a turnover of £1.4m. She has adapted this experience to her personal demands; that the restaurant be comfortable, relaxing and tastefully decorated; the food and wine fairly priced and the service friendly.

The restaurants must also fit into an overall business plan. Mascarenhas, conscious of the long-term value of the business, did not want to create chef-based restaurants that would drop in value if the chef were to leave. Nor would any of the restaurants bear her name – they were to be businesses rather than an extension of her ego – and the closest she has come to sentimentality is to use her late father's nickname for her restaurants.

This rather tough business side is mellowed by a love of food and an equally strong concern for her customers and her staff. This comes across immediately you walk into Sonny's. The dining area, in a long, narrow well-lit room, seats 70 yet offers quite a choice of interesting combinations: noisier tables close to the fire, booths along the left-hand side, tables by sliding french windows on the right (particularly desirable in the summer) and quieter tables by the front door.

What is on offer does the rest. Excellent bread from a top French baker in Willesden, north west London, a short menu that changes frequently and a wine list that includes 13 half bottles and a great inducement to drink the best – only a 10 per cent cash margin is added to wines that cost £20 or more and this includes the top champagnes.

The same concern for her customers' wallets is applied to the food. Most of the first courses, which include a thick fish soup, steamed mussels and spicy merguez sausages with potato, cumin and coriander are between £3-£4, and the main courses, with the exception of the rib-eye steak, are all under £10. The char grill is used to good effect; tuna with crème fraiche, monkfish with grilled vegetables and chicken breast served with spiced apples.

Do not bother with the dessert menu unless you have an extremely sweet tooth. We did and the bill for four, with two bottles of wine, coffee and service came to £110.

There is also a set menu, two courses and coffee for £10.50, available at lunch and dinner. The overall feel of the menu is light and inviting and its origins wide, from duck breast and onion aïoli to black bean cakes with a tomato and coriander salsa, and a reliance on fresh ingredients cooked simply and well without heavy sauces.

Achieving these standards – and the present restaurant turnover of £700,000 – has taken almost five years and a great deal of hard work. The five years before that were equally as important. In 1981 Mascarenhas began work as a waitress at Bob Payton's Chicago Pizza Pie Factory, in Hanover Square, London. After a year she trained as a manageress and learnt from probably the toughest restaurant manual in London – Payton's runs to 600 pages. In 1983 she was part of the small management team which opened the Chicago Rib Shack in Knightsbridge.


Lydia van der Meer

Rebecca Mascarenhas and her husband, James, at their delicatessen

In 1983 Mascarenhas was asked by Victor Lownes to turn around the loss-making restaurant in his Stocks nightclub. No sooner had she taken the job than Lownes left for two months in America and she was forced to learn the business side, neglected by many restaurateurs, and to make her own mistakes. By late 1985 the restaurant and nightclub, of which she had also become manageress, were profitable.

Mascarenhas had begun to negotiate for her own site in early 1986. Eventually she found Sonny's – then called Bloomers. The asking price of £135,000 for the 10-year lease was cobbled together with a mortgage on her own flat and another on her mother's house. She was turned down by four different banks in spite of providing all the correct documentation: budgets, cashflow, average spend as well as projected profit and loss accounts.

Only a last-minute personal introduction to Hill Samuel, the merchant bank, saved the day. It provided the finance and attractive terms.

One of the crucial factors in the business's success is the use it has made of limited funds. The restaurant design in Nottingham was financed entirely by cash flow from Barnes.

The greatest attraction for the business and its customers is the intellectual restlessness which Mascarenhas brings to the restaurant world. Although she finds it continually exciting she also hates its repetitiveness; no matter how busy you were yesterday, you start today with a clean slate.

It was this restlessness which prompted her to help her brother when he wanted to return to Nottingham; it also led to her biggest commercial mistake – a restaurant by the cathedral in Norwich which she will close in January and renovate.

Her greatest breakthrough came one Friday morning when her husband saw a For Sale sign on the shop next door to their Barnes restaurant. By the afternoon it was theirs and badly-needed extra space was available. The couple's original plan to open a wine bar was thwarted by licence difficulties and they were soon in the delicatessen business.

This shop offers a range of delights, many imported, many made on the premises. Some items are used in the restaurant – such as rouillé for the fish soup – others are very much for the locals' convenience – Cornish pasties for lunch, beef goulash for supper. Commercially it avoids the major economic pitfall facing any delicatessen of what to do with highly-perishable, high-value items not sold that day. Unsold bread can be used in the restaurant, leftovers put towards the staff meal.

Mascarenhas has her restless eyes on further developments. The priority will be to turn around the business in Norwich, then to open a small tea room behind the delicatessen and work on a cook book.

She would also like to find two more sites, one outside and one in London, but definitely away from the high-cost West End. One of the attractions of Barnes, Mascarenhas insists, is that the majority of her customers come in their own time in the evening, and pay with their own money.

■ Sonny's, 94 Church Road, London, SW13 ODQ. Tel: 081-748 0393. Open all week except Saturday lunch. Access, Diners, Visa.

Sonny's, 3 Carlton Street, Hockley, Nottingham. Tel: 0602-473041.

A fishy feast

***Jill Norman** with an alternative festive food tradition*

IN BRITAIN we have become accustomed to large birds – turkey, goose and capon – as celebratory foods. The ribs of beef and haunches of venison which were popular in Victorian times still make an appearance, but we seldom think of fish. Even the salmon, one of the fish regularly cooked whole for large parties, is not served at Christmas. Yet a large fish can be a splendid festive dish.

In most of Europe, fish is the central dish of the Christmas meal, which is eaten on Christmas Eve. The tradition is a religious one. The fish has early associations with Christianity: Christ fed the multitude on five loaves and two fishes, and made his disciples "fishers of men"; drawings and carvings of the fish became the symbol of the early church; the Greek word, ichthys, meaning fish, formed a monogram of Jesus Christ, Son of God, Saviour.

In the Middle Ages, fish became Lenten food. The period before Christmas was also a time of fasting, and the last meal of the fast, originally taken after midnight mass, was a grand meatless supper.

As the number of meatless days in the calendar increased, so some were bound to coincide with celebrations. In late 16th century Paris, turbot, salmon, brill, mullet, trout, carp, pike, crab, oyster and lobster were served in large quantities at meatless feasts.

Carp has remained the prime fish for festive occasions in Poland, Germany, Austria and Czechoslovakia. It was the custom to start fattening the fish from St Bartholomew's Day, August 24, to have a large specimen for the table. Carp must be very fresh to taste good.

Try the traditional Christmas devilled carp. The fish is sliced and simmered in a stock made with the head, thyme, bayleaf, pepper and assorted root vegetables. When it is ready, it is lifted out, the cooking liquor reduced, sieved and finished with chopped almonds, sultanas, redcurrant jelly and a dash of vinegar.

In *Letters from my Windmill*, Alphonse Daudet relates a cautionary tale of a 17th century priest rushing through the midnight mass, the words barely audible, so eager is he to get to the supper that follows. He imagines "all the marvellous fish displayed on a bed of fennel, their scales pearly as if just from the sea, with bunches of sweet-smelling herbs in their huge nostrils." When he gets to supper he eats and drinks so much that he dies of a stroke that night.

Provence still has a ritual family supper on Christmas Eve. The menu is likely to include some of the following: garlic soup; snails with aïoli or celery with anchovy-thickened vinaigrette; salt cod with raito (a red wine sauce with garlic, capers and olives); or baked eel or a daube of squid or octopus; a gratin of chard or cardoons; and the famous 13 desserts of nuts, fruits and sweets.

In Spain the fish for Christmas Eve is sea bream. The sides are slashed and stuffed with thin slivers of lemon and it is baked in a tomato sauce. One of the best ways of presenting a large fish is to bake it in salt. Bream is a good choice, sea bass even better. The fish must be gutted but the head and scales left on, and it must be completely buried in coarse salt. Fish baked in a salt crust is succulent and full of flavour as the salt acts as insulation.

Line an oven dish, in which the fish just fits, with foil, put in a good layer of salt, place the fish on it and pack more salt around and over it to cover to a depth of about 1in. Bake the fish in a hot oven, 220 °C. A 3lb/1.5kg fish will need 30 minutes; for a bigger fish reckon about 12 minutes per pound. Break the salt crust, the skin will come away easily, and serve with a romesco sauce or with a green mayonnaise.

Cod is regarded as an ordinary everyday fish yet it can provide a spectacular dish for a Christmas party. Order a whole cod from your fishmonger; a 6 to 8lb/3 to 4kg fish is enough for 15 to 20 people. Poach it, skin it and serve with new potatoes, crudités and a huge bowl of aïoli.

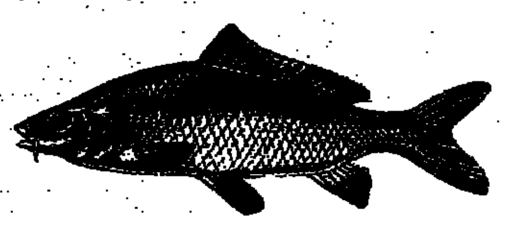
Turbot, with its firm white flesh, has the finest texture of any fish. Trickier to cook than a large cod because of its shape, it can be poached in a large roasting tin covered with foil. Hollandaise sauce is the best accompaniment; home-made tartar sauce is good too.

Roast monkfish tail, called *gigot de mer* by the French, is another showy and fine-tasting dish. As with leg of lamb, you can spike the fish with crushed garlic and herbs, rub it with olive oil and roast it on a bed of lightly cooked chopped onions and cubes of salt pork. Make a fresh tomato sauce, sauté some mushrooms and pour over the fish with a few spoonfuls of cream for the last five minutes in the oven. A 3-4lb/1.5-2kg tail will take about 50 minutes at 180°C, and it will need basting from time to time.

A platter of oysters would be a good choice for a first course at a traditional British Christmas dinner. They can be sprinkled with breadcrumbs and dabs of butter, grilled and served with lemon. A warm salad of poached scallops with french beans or blanched shredded savoy cabbage and a vinaigrette dressing is another light and delicate dish.

Among the smoked fish, I would opt for smoked sturgeon or thin fillets of smoked eel – avoid smoked conger, it is too rich and oily for what follows.

One word of warning about buying fish for Christmas Day this year – the last fresh catch will come in on Saturday 22, and not all fish will keep well for so long. Oysters wrapped in newspaper keep well; Dover sole is usually better when a couple of days old. Ask your fishmonger what will keep, or join the European tradition and have a fine meatless supper on Christmas Eve.

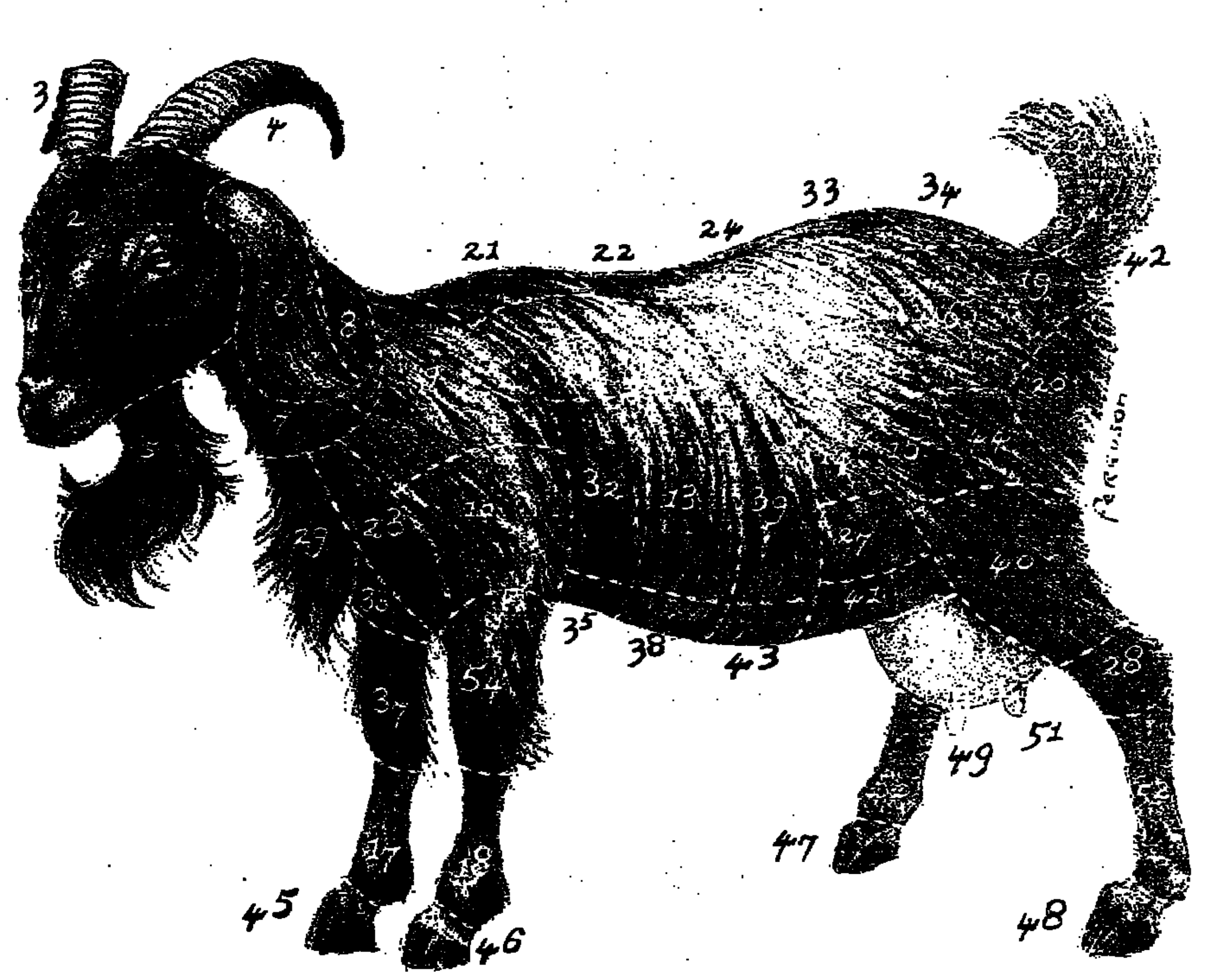


Carp: the perfect antidote to turkey

FOOD & WINE

Fifty-four ways to eat a goat

***Ken Hom** looks at the re-emergence of regional cuisine in mainland China*



FOR THE last few decades, it has been lamentably true that if one wished to find the best and most authentic Chinese cuisine, mainland China was the last place to look. During my many visits to Hong Kong in the 1980s, word from the mainland concerning Chinese cuisine was invariably gloomy. At that time, the grand traditions and delectable experiences of Chinese cookery were being preserved outside the heartland, in the peripheral areas of Hong Kong and Taiwan especially, but also, increasingly, in Chinese restaurants in London, Melbourne, New York and San Francisco.

Under the administration of the People's Republic, farmers were managing to provide enough in the way of daily calories for a billion Chinese, an astonishing feat, given China's recurrent famines and the fact that her population had almost doubled between 1950 and 1975. Beyond that, however, the news was quite depressing. Tourists and business travellers returning from the restaurants on the mainland reported wretched, badly-prepared, meals, poor ingredients and all served sloppily.

The great regional cuisines and venerable traditions of Chinese cookery had been castigated as "bourgeois" and "imperialist" reflections of class domination and, thus, worthy of being eradicated by the Red Guards of the 1960s Cultural Revolution. Culinary institutes were abolished, cooking schools were closed, master chefs fled or were forced into other, more politically acceptable, professions. The infrastructure that supported the grand tradition was destroyed.

In the state-owned restaurants, the clientele ate what might charitably be called "functional" food. Staff members were deemed equivalent to factory workers and no grades of talent or expertise were recognised or allowed.

However, the years following the death of Chairman Mao in 1976 brought a reassessment and resurgence of many aspects of Chinese life – arts, education and economics. The social virtues and commercial potential of traditional Chinese cuisine were also reconsidered so, by the early 1980s, gastronomy and even epicurism were no longer counter-revolutionary.

On one of my many visits to Shanghai, I discussed this period with Zhao Qiren, the principal of the city's leading cooking school. He told me that before 1949, foods were cooked in good stock made from chicken and ham; in the "difficult decades", however, shortages of essential ingredients led to unsatisfactory substitutions and awful expedients. For example, with the decline in the availability and freshness of ingredients, monosodium glutamate began to be added to everything.

Zhao also noted the breakdown of the regional and local cuisines over that 30-year period and he also enlightened me on another factor: the government's need for hard currency. In the 1970s, high-quality foodstuffs produced on the Chinese mainland were not available locally, but sold in Hong Kong instead, allowing the much-needed money to flow back to the mainland. Today, however, private gardens are once again supplying fruits and vegetables in abundance; private restaurants and foodstalls are becoming commonplace; culinary institutes and cookery schools are flourishing. The long-pent-up demand for quality foods and ingredients is slowly being met.

This campaign to re-establish authentic Chinese cuisine in its homeland was in full sail by 1986. Over the past few years, I have spent many months at a time in China, travelling thousands of miles dining, tasting, exploring, observing, discussing and learning. I sampled hundreds of different dishes, from practically every region. I visited the coastal areas of Shanghai and Guangzhou (Canton), the interior Sichuan and south-western Kunming (Yunnan) regions and northern China, as well as the capital Beijing. I ate in private homes, state-owned restaurants, dining halls of collectives and communes, private restaurants and street stalls. The quality of the food ranged from outstanding – on a par with the best of Hong Kong – to simply dreadful. On average, it was good, and it appears to me that mainland Chinese cooking has begun, in the nick of time, to make a comeback.

However, things have not yet reached the point where anyone can find good food anywhere in China. You must have *guanxi* or personal contacts. Through the help of relatives and many Chinese friends, I was able to dine in many different local restaurants, some of them superb, in all parts of China.

In Chengdu, Sichuan, for example, I ate in a collective-owned restaurant that opened just three years ago. The staff is committed to the revival of authentic regional Sichuan food and there I enjoyed the best aromatic tea-smoked duck I have ever tasted; a strikingly unusual stir-fried bitter melon with fresh chilli; and delicious fragrant hot and spicy chicken with stem lettuce. Again, in Guangzhou, I enjoyed an excellent supper meal at a *dai pai dong*, the Cantonese term for street restaurant. The restaurant was festooned with cages containing various live animals – all ready for the pot. I rather timidly selected an already dispatched pigeon, partially cooked and swinging in the sultry heat to dry. It shortly reappeared in deep-fried form with the skin crackling and glistening, accompanied by fresh seasonal vegetables and a beancurd dish with a delicious sauce. This was as good a simple meal as I have ever enjoyed, anywhere.

An increase in the demand for consumer goods in urban areas has led to the revival of private restaurants keyed to market demands rather than state directives. In Kunming, friends took me to a private restaurant where they proceeded to order braised bear paws and elephant trunk.

One day I enjoyed a real *tour de force* meal which had taken two days to make. It comprised 54 dishes, all made from *one* goat. There were 27 cold dishes (including some made from the entrails, eyeballs, tail, stomach and a savoury fried liver), and 27 hot dishes featuring braised and stir-fried parts of the goat. It was an outstanding and impressive accomplishment and, to my surprise, quite delicious. The next day, at a private restaurant, I sampled toasted goat cheese – mild goat cheese pan-fried in a wok – a dish of Mongol or Muslim origin perhaps. However, I felt deprived when I discovered the restaurant was out of its regional speciality: fried grasshoppers.

I think the best news concerning the revival of great cuisine in China is that good, and even, superb food is being prepared by families in their own kitchens. In a private home in Beijing, for example, I enjoyed one of the best meals of my entire visit. It was a simple meal, but classic and delicious and I was privileged to assist in the preparation. The meal featured *jiaozi*, meat-filled dumplings which were either fried or boiled. It included ground pork stuffed between slices of eggplant, then dipped in batter and deep-fried, and completed by spring rolls stuffed with cabbage and fried. This was accompanied by cold cucumber salad and fresh tomatoes sliced and garnished with 1,000-year-old eggs.

Family-style cooking is now available in many cities in the so-called night markets. Entrepreneurs, armed with family recipes, cook up a storm right out in the streets, making hand-pulled noodles, dumplings in soup, fried pastries, spicy cold and hot noodles, braised eels, or stir-fried frogs with garlic – all at very reasonable prices and quite tasty. Tapping into popular tastes and needs, they are one of the new success stories of contemporary China.

■ *Ken Hom is the author of a number of cookbooks including his current bestseller:* The Taste of China *(Pavilion Books).*

Pheasant thoughts for winter days

THE PRICE of pheasant has dropped in the past couple of weeks. "£3.99 per brace in the feather," proclaims a blackboard outside the local butcher's shop.

Inside one long wall is hung with victims that fell to the guns. Row upon feathered row of them waiting to be turned from an artistic still life into a feast.

The temperature as well as the price of pheasant has fallen of late. Thanks to sharp frosts and the need for more eager gleaning, these birds will make better eating than those shot early in the season. These are the sort of kitchen economics I like.

Sotheby's

Detail from Archibald Thorburn's watercolour Blackgame in the Woods, signed and dated 1909

CHESTNUT SOUP WITH CELERY
(serves 6)

For a suitably wintry preface to a main course of pheasant, dinner might begin with this seasonal soup. It is one of those dishes where the effort of peeling fresh chestnuts is well repaid.

1 lb fresh chestnuts (enough to yield 10-12 oz flesh); 6 oz trimmed celery; 1 onion; 1 garlic clove; 1 oz butter; 1½-1¾ pt stock; celery salt and a small bay leaf; a few spoonfuls of cream; a few spoonfuls of chopped parsley; plenty of diced croutons of fried bread to garnish.

Slash the chestnuts and roast them in batches (or microwave, boil or bake them). Wrap them in a cloth to keep them hot, and remove and peel them one by one.

Cut the scrubbed and de-stringed celery stalks into crescent moon slices. Chop the garlic and onion finely. Sweat all three ingredients gently in the butter in a covered pan placed over low heat, just stirring and shaking the pan occasionally.

Season with salt, pepper, celery salt and bay. Pour on the stock and bring to the boil. Cover and leave to simmer very gently for 10 minutes.

Chop the chestnuts, add them to the pan and bring back to the boil. Cover and continue simmering gently until the ingredients are perfectly tender.

Discard the bay leaf and reserve a small ladleful of chestnut pieces to give the soup a knubbly texture. Whizz the remaining contents of the soup pan to a smooth puree. Blend in the parsley and cream, check seasoning, return the reserved chestnuts to the pan and reheat gently before serving.

GOLDEN BRAISED PHEASANT
(serves 6-8)

Pheasant can be a dry bird. Cooking it breast down helps to keep the lean meat moist, and braising produces more succulent results than roasting.

If pheasant is to be eaten cold, there is no better way to cook it than this – and since cold pheasant with bubble and squeak is a favourite dish in this household, I am tempted to add a third bird to the pot in order to be certain of having some leftovers.

2 pheasants; 1½ lb carrots; 1 lb button onions; 2-3 oz raisins; 3-4 tablespoons olive oil; just over ¼pt sherry; 1½ tablespoons sherry vinegar; thyme and bay.

Choose a casserole into which the birds fit snugly side by side. Heat the oil in it and colour the birds well all over.

Remove them. Add the peeled onions and roll them around to anoint them with fat. Season generously with salt, freshly ground black pepper, a bay leaf or two and several sprigs of thyme.

Pour on the vinegar and most of the sherry. Let the liquid bubble up. Shake the casserole to mix everything well and return the birds, placing them breast down.

Cover with a well-fitting lid and slip the dish into the oven. Braise at 350°F (180°C) gas mark 4 for 30 mins – or longer if the pheasants are tough old birds.

Sprinkle the remaining sherry over the raisins so they begin to plump up while the birds cook. Cut the carrots into batons and drop them into a pan of boiling water. Bring quickly back to the boil and drain.

Add the carrots and raisins to the onions. Mix them well and add extra seasoning to taste.

Half-bury the birds, breast down, in the vegetables. Cover and return the casserole to the oven for a further 30 minutes or until cooked. Mashed potatoes and peppery watercress make good partners for this dish.

ROSEMARY CREAM
(serves 6)

I serve this sweet, lighter-than-syllabub confection in little glasses. In Tudor times it would have been spread in a snowy carpet over slices of heavily spiced gingerbread, but that strikes me as too much of a good thing.

Prepare the flavoured sugar a day ahead if possible so that the woody fragrance of the herb has a chance to permeate every grain of the sugar, but delay completing the pudding until close to serving time or it may begin to "weep".

2 oz caster sugar; 6 sprigs of rosemary plus 1½ teaspoons freshly chopped rosemary leaves; 3 large egg whites; ¼pt double or whipping cream.

Put one tablespoon of the sugar into a spice or coffee mill. Add the chopped rosemary leaves and whizz to an aromatic powder, then mix in the rest of the sugar.

Whisk the egg whites, gradually incorporating the flavoured sugar, to make meringue-like peaks. Whip the cream softly and fold it in. Spoon the snowy mixture into small glasses, decorate with rosemary sprigs and serve with little biscuits on the side.

Philippa Davenport

NEXT WEEK: **Jancis Robinson** on last-minute Christmas wine buys; **Giles MacDonogh** finds some festive food odds and ends; **Nicholas Lander** talks to a top chef and **Philippa Davenport** has some delicious ideas for sweets and sweetmeats

Forecast offers cold comfort for estate agents

***John Brennan** analyses the predictions of a computer model of the UK housing market and finds little hope of a short-term upturn*

ALISTAIR MILNE and Andre Clark of the London Business School's Centre for Economic Forecasting could hardly claim to be the residential property industry's favourite economists. Just as developers and sales agencies began to talk of the recent cut in interest rates as a turning point for the market, Milne and Clark's new housing market model turned out forecasts suggesting no movement in values until the second half of 1991, and then no more than a modest and short-lived remission.

That did not win many cheers in the agency world. However, lurking between the lines of the LBS model there are a mass of positive signals for estate agencies, if not for the volume housebuilders.

The LBS's analysis suggests a recovery in house price inflation mid-way through next year with year-on-year price rises peaking at just under 11 per cent in 1992. After that, it expects price inflation to ease to around seven per cent with little real recovery in levels of housing investment or new home building.

What makes Milne and Clark's exercise particularly interesting is the way in which their -model picks out and discards a number of traditional housing market assumptions.

Demographic change has been viewed, variously, as a plus or a minus factor for the 90s. On the one hand, a sharp fall in the number of younger first householders as the baby boomers age has been expected to bring demand for starter homes down with a bump. On the other hand, extrapolations of rising number of individual households up the age range have suggested a compensating increase in demand for higher priced, better equipped small homes for "empty nester" couples and divorced people.

The LBS analysis concludes that the influx of first timers accounted for as much as 20 per cent of price rises in the 80s, and that this, "premium on house prices will be unwound during the 90s". That change alone leads the economists to the view that "this demographic factor will lead to a weakening of house prices in comparison to personal incomes in the middle of the decade. Capital gains on the scale made in the 80s will not be repeated in the 90s."

But what of the continuing shift in the size of households? Taking a national house price view, the LBS men are not impressed by this. True, a fall in household size increases the number of individual homes needed, and would tend to mean an increase in the price for each such dwelling. But, Milne and Clark conclude that, "This is offset by a reduced demand for larger houses so the overall effect may be of fairly small magnitude." Indeed, since household size, "is not significant in our estimation results," they decided to exclude it from their model of house prices.

'Capital gains on the scale made in the 1980s will not be repeated in the 1990s.'

Any sales agent will appreciate that it is the volume of sales more than any aggregate level of house prices that affects trading margins. A shift across, or down the market from a bigger to a smaller property is just as useful an instruction as a bid to trade up to a bigger home. At least it would be as useful as long as the market in the 90s does not become log-jammed because of sale problems from the top down in much the same way as it has been blocked from the bottom up in previous bear markets. In a decade when vendors cease to expect dramatic capital growth from home ownership it is hard to imagine the level of vendor-resistance to realistic sale prices we have seen recently, following a long period of sharply rising values. So there's a reasonable hope that top-down housing chains would not be quite as tough to keep moving as those where the blockage has been based on starter home buyers' sheer inability to afford to make a first move.

Another facet of the LBS analysis is the iced water it manages to pour over that age-old housing market shibboleth – the price to incomes ratio. That does work for first timers, and Milne and Clark confirm that they do see a clear link between personal incomes, nominal interest rates and house prices over the long term. But the prices to incomes ratio depends for its impact to a disproportionate extent upon the buying patterns of first timers.

"When this demographic variable is excluded," they write, "we have been unable to find any stable long-term relationship between house prices and incomes."

While a one per cent increase in the number of 25 to 29 year olds in the population would, according to their model, cause real house prices to rise by as much as nine per cent, a one per cent increase in real incomes raises prices by just 1.2 per cent in the long run.

Another common assumption is challenged with the economists view that we can discount the impact on prices of financial liberalisation in the 80s. Easier access to loan funds may have affected the timing of purchases but, "while affecting the dynamics of house prices, (financial liberalisation has not altered the long-run ratio of house prices to incomes."

The LBS model comes up with national property price forecasts for zero price movement this year, 6.4 per cent growth in 1991, 10.7 in '92 and a shading back of price growth to an 8.3 per cent increase in '93 and 7.3 per cent in '94. In real terms, deflating prices by the consumer price index, the model suggests a 4 per cent fall this year, 0.4 per cent down in '91, and real growth of 5.2, 4.2 and 3.3 per cent respectively for the following three years. That's no template for a return to a bull market. It is, however, a forecast of stability. On which basis there's no support for the agency sales teams trying to promote housing as a strong capital investment, but there is every reason for buyers and vendors who are hanging on for some dramatic slump or surge in values to let go, and to make their move.

Better a buyer than a seller be . . .

DYE HOUSE, at Thursley, near Godalming, Surrey, illustrates the two dominant elements of today's housing market: cash-strapped vendors and bargain-hunting buyers, writes John Brennan.

In this case, the cash-strapping pre-dated the sale. Dye House (above) was a repossession sale. As a Grade II listed five bedroom house with cottage, staff flat, listed barn, swimming pool, and tennis court set in 43 acres, it ranks close to the top of the price range in the more than 20,000 residential repossessions this year.

As for the bargain hunters, Knight Frank & Rutley's Guildford office reports that 75 prospective buyers viewed the property and no fewer than 25 made bids against a guide price of "in excess of £750,000." The winning bid was over £1m.

The sales dynamic at work here echoes the way so many of the country agents have traditionally marketed smaller residential farms: by underpricing at the outset to persuade viewers to don welly boots and head into the Shires.

Once a queue has formed, the sale side of the equation reduces to price. With enough bidders a smart agent can make each one conscious of the crowd and create a sense of auction. And at auction, anything can happen. Even in the quietest periods in the past two years sales offices in the oddest parts of the UK have continued to achieve sales.

If there is a common factor, it seems to be that of an agency salesperson who makes things happen by selling, rather than merely listing, vendor properties. In practice, that has meant forcing owners to accept that 1988 prices are history. What *has* sold are those properties, such as Dye House and those purposefully bargain-priced mini-farms, which have managed to catch the eye of prospective buyers who are swamped with choice.

Far East interest in Prudential

"FOR SALE, one barely-used national property sales network. Principals only apply to S G Warburg for sales details on the whole or part of this 500-office business."

As a small ad. it fails to get across the full drama of the irresistible rise, falter, and fall from grace of Prudential Property Services. The Prudential Corporation's decision to sell followed a performance pattern that had annual profits rising from £4.8m to £17.2m and then slamming into reverse with a £48.9m loss last year and a further £23.7m loss for the first half of the current financial year. Add to those losses the £220m of goodwill written off and a break-even guide price for PPS would top £300m.

As Warburg's John Walker-Haworth says: "Obviously, nobody's thinking they are going to recapture what it cost." But the merchant bank charged with handling the sale for Prudential has been busy showing viewers around the books and it appears optimistic that a buyer will see this as an unique property full of potential.

John Walker-Haworth says: "We have had enormous interest. We have been inundated with people wanting to buy three branches here and three there."

That would break up the network and strip out the strongest branches in each region, so Warburg is at present putting such offers on hold. "We are holding the ring and looking for buyers for either the full national network of 500 branches, or on a regional basis.

"There are five regions with 100 offices in each region and quite a lot of people are interested in that approach. A national groupings that is strong in the south east might fancy something in the west or in East Anglia, or might be looking at a territorial infill to really dominate one part of the country."

Although the partners of the firms that formed Prudential Property's commercial property side have organised a buy-back of their businesses, as far as the residential offices are concerned, "management buy outs are not something that we are contemplating at the moment," says Walker-Haworth.

What he *would* certainly like is the telephone number of the as yet unnamed Japanese trading house that Peter Parker, of Brian Lack & Co, has been talking to.

The ebullient Parker has been scoring sales successes on behalf of UK developers in the Far East throughout the domestic housing slump, and it is that Asian experience which explains his interest in PPS.

The line via Brian Lack from Hong-Kong-Taiwan and Malaysia to Warburg's offices in the City runs via the Hamptons property firm sale to Bristol & West Building Society earlier this year.

Parker explains that contacts in the East asked him to look at the Hamptons chain, but the receivers handling the sale of British & Commonwealth's property subsidiaries already had a firm offer in hand.

"They said wait for the next one," says Parker, "and along it came."

"They" are understood to be one of the big Japanese trading houses, showing a traditional concern for discretion. As for making that final contact with Warburg, the route, says Parker, is for the trading house to purchase Brian Lack & Co and then use that business as the vehicle to reverse into PPS.

After that, Parker sees immediate scope to revive the estate agency spirit of the network by giving its five divisions their head under the direction of the local sales management. He also sees a return to concentration on house sales rather than any ancillary services. In an aside on the Prudential's approach he says: "They would have been better off splitting up the offices and opening video shops than doing what they tried to do."

Parker does confirm that the prospective buyer has specifically ruled out using the network for the sale of financial services, and so the Prudential would not have reason to veto a bid on commercially competitive grounds.

Talks with the Asian group have assured Parker that "They" know that the major residential markets are flat. "Canada's flat, America is flat. Australia is on its knees; the future is in Europe, and the Prudential's offices can be made to sell houses. That is what estate agency is about. They have to get back to the business they know."

J. B

GARDENING

Plants that are happy to come in from the cold

Arthur Hellyer takes his pick of winter flower decorations

WHEN BUYING plants for Christmas decoration it is not a bad idea to consider what further use they might have in garden or greenhouse.

For example, although the beautiful primroses and polyanthuses that are on sale in full flower now are not sufficiently hardy for growing on permanently outdoors, they are quite happy outdoors from April to October and can be brought back into house or conservatory to be used again for winter decoration. This could continue for several years.

Much the same applies to the evergreen Indian azaleas that make such magnificent indoor plants at this time of year. They can be grown throughout the year in a conservatory, but are not so satisfactory in the house due to lack of light and humidity.

However, they too can go outdoors by late April, either in their pots or tapped out and planted in lime-free soil, to stay there until early October and then be brought back into a frost-proof place. All the attention they will need during the summer is watering and occasional syringing with water to keep them clear of red-spider mites.

Cyclamens are also amenable to this in, out, and then in again treatment and need not even be watered from late May until mid-August, since it is natural for them to lose their leaves in summer and become semi-dormant.

They become active again towards the end of August, when watering should be resumed and the tubers repotted in fresh compost, either John Innes or peat-based.

They should be brought back into the house or conservatory before there is danger of serious frost. A peculiarity of all cyclamen, both the greenhouse and the hardy outdoor kinds, is that the tubers never split or put out offsets but get larger and larger with the years, until they become cumbersome for pot cultivation and are best discarded.

There is no such easy future for the showy poinsettia, with its large scarlet or pink bracts which surround the insignificant flowers. In time, poinsettias grow into quite large shrubs and they will not be happy outdoors in summer.

Most buyers will be content to discard them after flowering but, if conservatory space is available, they can be pruned quite severely when the bracts wither, about two-thirds being cut off each stem.

The water supply should be considerably reduced for a few weeks, but then gradually returned to normal as new growth appears. The plants can be fed occasionally with a balanced fertiliser. A liquid fertiliser will probably prove most convenient. A minimum temperature of 18 °C (65°F) must be maintained throughout, but this should not be difficult in a conservatory connected to the house central heating.

The winter-flowering begonias now on display in most garden centres are magnificent for a month or so, but are not the easiest of plants to retain in good condition for a long time, since they need careful watering and a steady temperature.

There are no problems of any kind with the Rex begonias, grown for their handsomely coloured and silvered leaves, and during the summer they will survive quite well under the greenhouse staging, provided too much water is not allowed to drip on them. However, the soil must be kept moist at all times.

Unlike the summer-flowering tuberous-rooted begonias, there is no period when these foliage begonias can be kept quite dry.

Careful watering is also the secret of success in growing african violets (saintpaulia). If kept constantly wet they are likely to rot; if allowed to stay dry for too long, they will shrivel.

The aim should be to give them a good watering, continuing until the water starts to trickle out of the drainage holes in the pots, and then water no more until the soil is nearly dry. I find the Cascade varieties easier to grow than the rosette type, but I do not see anything like so many of them in the shops.

There are no difficulties at all about retaining hardy bulbs purchased in pots, whether they are already in flower when bought or about to come into flower. Various early narcissi, hyacinths and

some lilies are likely to be available. All can be planted outdoors in April when they have finished flowering and the weather is no longer so cold as to damage plants made a little more tender than their norm by being forced early into flower.

The lilies will almost certainly need lime-free soil, but, if this is a problem they could be grown on in containers filled with any one of the numerous composts sold for plants requiring acid soil.

Narcissus Paper White is among the sweetest-scented of all and needs a warm, sunny place, since it is of Mediterranean parentage. The flamboyant hippeastrums, marked as amaryllis, are not hardy but can be kept quite easily under glass or can even be stood outside in their pots from late May until early October.

Little plants to tuck into odd corners or cluster together in containers are the kalenchoes, available in various shades of red, pink, orange and yellow.

They have fleshy leaves, will grow in ordinary soil or peat-based composts with normal watering and enjoy all the light they can get.

They are not for outdoor planting at any time, but if there is no space for them under glass in summer, they can be stood outdoors in a sunny place from June to September to be used again and again.

The hybrid New Guinea impatiens are appearing in increasing numbers for sale. They are first-class pot plants, bushy in habit with sturdy stems and an almost year-round flowering season in a minimum temperature of 13°C (55°F).

However, they are very thirsty plants which need almost daily watering, unless kept on a capillary bench or tray. The flowers resemble those of the summer bedding impatiens, but are larger and more loosely displayed.

Concrete advice on design

Robin Lane Fox hears how Europe is pioneering lawn-free landscapes

LAST Saturday, 200 keen garden designers were packed into the London lecture rooms of the Royal Horticultural Society for the Society of Garden Designers' yearly symposium. Snow had stranded one of the main speakers in Cheltenham, Gloucs, and his absence made many of us wonder if we had sheltered our own shrubs sufficiently.

Gardening continues to change and those who are watching its details will often tell us that we are doing it all wrong. After two speakers, it was already plain that I had planted the wrong trees, spread a health risk through my garden and was too inclined to think of concrete in slabs.

First, however, a word about the designers' society. It is a child of the 1980s with the aim of setting standards for the growing battalions of garden designers. The society has a code of practice and assessment and only accepts as full members a small group (at present, 35) whose finished work has met assessors' standards. There is also room for student and corresponding members: non-professionals can join for £15 a year, payable to the secretary, 23 Reigate Road, Ewell, Surrey KT17 1PS.

Anyone who wants a designer for a garden can write to the society for a free list of approved members in one area. The lists do not grade the names.

As Preben Jakobsen was snow-bound, discourse on design was left to the popular designer, Faith Whiten, and the widely-travelled eye of George Parkin. Whiten referred us to her early days as an orphan, emphasised that success was never instant, and then gave general advice on the hazards of designing for the Chelsea Show.

Parkin spoke from an even less likely corner, as former editor of the magazine, *Concrete Quarterly*, which, he reminded us, had aesthetic interests.We are now trying to come to better terms with this century's new materials for gardening and British practice may be helped by gardeners' experiences in Europe as lawn-free designs in Germany, Belgium and Switzerland feature in lectures and discussion. While we all think of concrete as big slabs, many European towns and gardens use it in small setts or blocks, like flat cobblestones. A paving of setts is broken up by many bonds and joints which fall easily into contrasting patterns of circles, squares and zig-zags.

Parkin drew particular attention to recent paving and surfacing in Liège. The town authorities have been using a congenial sett, pioneered in concrete by a Belgian engineer, Jean Delvaux, for his private use. Such is its quality that it is now being mass-produced in a factory near Peterborough, in Cambridgeshire, under Delvaux's own name. It has a varied texture and holds its colouring well in all weathers. The pictures and the audience's reaction suggested that it is a type of hard surfacing which deserves to succeed.

Not only do we British think too often of square slabs; we also think too frequently of only one material. Even if you use slabs, you should plan a pattern of varying shapes, joints and sizes. This principle is visible in the old stone paths at Sissinghurst Castle in Kent, but it applies all the more to modern paving, which is very harsh if laid in dull regularity. It also improves if a few concrete slabs alternate with patches of cobblestones or if concrete setts are varied with patches of gravel. Slight gradations of grey can set off a pattern of light and shade; the merest variation is enough and much better than the contrast of strongly-opposed colours.

It was particularly good to hear praise for one of the best civic gardens across the Channel, the Schlossgarten in Stuttgart. Its arrangement of trees, shrubs and space is not so much a modern experiment as a restful and understated design. Over its areas of water, the German designers used a simple, broad length of timber, set at the level of the bank but serving discreetly as a bridge.

By contrast, Parkin pointed out that here in Britain there are signs saying "Danger: River" along parts of the Thames; the shrubberies in London's Holland Park are fenced off with spiky chestnut paling ("to keep the couples out", an official told me, when it was going up); we are obsessed with remote dangers in nature, "health and safety" and our national terror of vandals. We bury our public fountains in high brick walls and put iron spikes around bedding plants. Why are there no such barricades all over the great fountains in Germany or Italy?

Danger is an enemy of many designs: it came at us, lastly, from a different angle in the warnings of Brian Davis, an experienced plantsman and ex-nurseryman. His main message was simple: plant diseases are seriously on the increase in the 1990s. Silverleaf is now attacking 27 types of Prunus and will soon ravage the best of our spring blossom: it is no longer confined to the popular sugar-pink Cherry Kanzan, which is no great loss. It is extremely important not to prune these trees in winter because silver-leaf enters through cuts and breaks on a stem.

Down in garden centres, there were also warnings that vine weevils may go on the rampage before the 21st century. They love life in polythene containers and are flourishing on modern nursery-methods.

Just when designers find a good plant, some hazard comes along and knocks it out. In my own garden, one of the mainstays is the small yellow-berried Sorbus Joseph Rock. Unfortunately, fireblight is now spreading from the West Country and is lethal on this particular Sorbus. The advice to designers is to omit it in future planting.

Designing is partly the art of knowing what to exclude, but, even if you have your mind's eye on some aim, Mother Nature's darker side may come and wipe it out.

More holidays and travel advertising appears on page X.

A poet who fell out of fashion

***Anthony Curtis** recalls the Blunden magic*

I ONCE worked in an office on the *Times Literary Supplement* where Edmund Blunden had been a previous occupant. Blunden had been a staffer on the *TLS*, an assistant editor, up until the early 1950s. Traces of him still remained in the large, sunlit room whose windows overlooked the Thames at Blackfriars, not least on the bookshelves which contained many leather-bound volumes from his private library. Having read Webb's chapter on Blunden's book-collecting activities, I now realise that they could only have been a tiny fraction of the whole. At any rate, here were his editions of Leigh Hunt, Coleridge and Shelley – the core material of the biographies and introductory essays on these writers and their contemporaries that flowed over the years from Blunden's fluent, steel-nibbed dip-pen. He was a Georgian poet and essayist of distinction whose work – apart from his moving war poems – has now fallen out of fashion. Taking down his books occasionally

EDMUND BLUNDEN: A BIOGRAPHY
by Barry Webb
Yale £18.50, 360 pages

and leafing through them, I found on every page Blunden's pencilled annotations in the calligraphic hand-writing which he had first developed as a boy at Christ's Hospital. Blunden did not so much read books as enter into a continual dialogue with them. His erudite comments and notes were always illuminating. Occasionally there would be an envelope or bus-ticket serving as a marker, and even, on one occasion, a forgotten piece of toast.

The books were there because Blunden had left London in a hurry to become professor of English in the University of Hong Kong. That kind of periodic root-and-branch departure, leaving everything behind – books, lovers, children, wives – emerges from this judicious and carefully researched biography as the leitmotif of Blunden's life. He applied the principle of poetic license across the board. Among the anonymous contributors to the *TLS* at this time was one of the discarded wives, a woman critic who had followed in Blunden's wake as a specialist in the Romantics. It was my task to "sub" her turgidly written reviews. They used to arrive in great profusion and then lie for many weeks in the over-matter basket until they eventually found their way into the paper, a kind of hard-earned literary alimony.

Then one day the great man himself actually turned up in person on a flying visit from the Far East. He came into my room to greet a colleague and I had that sense of frailty that was many people's not entirely accurate first impression. His appearance was elfin: one felt a strong puff of wind might blow him away. He did not stay long but even in those few minutes of formalities I could feel the Blunden magic begining to take. He left to indulge his other lifelong passion apart from bibliography – cricket – by going to Lords.

Webb, a don at St. Peter's, met him in Oxford and talked with him long enough for the magic to take a firm hold. Hence this book, many years in the making. Blunden was based in Oxford for three separate periods of his life and a popular figure there, without ever being truly of the Oxford establishment. He went up first to be an undergraduate at Queen's after the first world war. A scholar in classics, he then read English, but left before taking his degree to join the staff of the *Athenaeum* under Middleton Murry, a job Blunden obtained through the good offices of Ottoline Morrell with whom he afterwards fell out. Then he went back to Oxford for some years before and during the early part of the second world war to be an English fellow at Merton. And finally, in 1966, when he was far too old and ill to give of his best, he was elected Professor of Poetry, but had to stand down after only a year.

By then his great days were behind him. Blunden was happily and at long last stably married to Claire Poynting, 22 years his junior, a former pupil at St Hilda's who shared his love of cricket, and by whom he had four daughters. The final photograph in the book shows him as he was in 1971, carnation pinned to his lapel, snowy-haired, Lear-like, at the double wedding of two of the daughters.

Blunden, who came from a family of Kentish yeomen and whose mother and father were school-teachers, had first become married at the age of 21. As Lieutenant Blunden, MC, he was then on leave from the army where he served as an infantry officer in France and Belgium right through the war. His bride was Mary Daines, the 18-year-old daughter of a Suffolk village blacksmith. She was behind the bar in the Newmarket pub where Blunden and some fellow-officers had gone for a drink.

Some of his most frequently anthologised poems were written out of the rural life he and Mary happily shared until it became over-shadowed by their great sadness at the death of their first child. The same combination, of fearful reality breaking through a countryman's keen observation, marked the poetry he wrote about his experiences on the Somme and at Ypres – "Then jabbering echoes stampede in the slatting wood,/ Ember-black the gibbet trees like bones or thorns protrude/ From the poisonous smoke - past all impulses."

Even before the appearance of his prose book *Undertones of War* (1928), which shattered once and for all official reticence about what the war had actually been like at the Front, Blunden was acclaimed as one of the most important writers to have survived the trenches.

People like Robert Graves and Siegfried Sassoon, with whom he became close friends, recognised him as their peer. F.R. Leavis in his devastating animadversions on the Georgian poets had to admit that "Mr Blunden was concerned with art; he was making something".

But neither the critical acclaim, nor the widening circle of friends, nor several flattering commissions from publishers, could curb his restlessness. In 1924 Blunden made the first of his extended visits to Japan as Professor of English at the University of Tokyo. *Undertones* was written out there. He returned in 1927 with Aki Hayashi, a Japanese mistress already discarded but who insisted on coming to England to be near him, and who spent the rest of her life abjectly devilling for him in the Reading Room of the British Museum. The whole extraordinary episode is dealt with here in relation to his other activities and also more fully in an earlier book *Edmund Blunden in Japan* by Sumie Okada. There was one more intermediary wife to come, the bookish Armenian-born Oxford graduate Sylva Norman, and several more visits to Japan, before he drew stumps, as it were, with his final wife, Claire.

Blunden had a long eventful innings with many glorious boundaries and several lucky escapes. Barry Webbs's account of it, revealing the strengths and not glossing over the weaknesses, the naivety about Hitler and Nazi Germany for example, sheds a flood of light on a period in our literary culture that seems as remote now as that of the Elizabethans.

Soviet dilemmas

***Erik de Mauny** looks at life under Gorbachev*

IF PEOPLE in the West are baffled by what is happening in the Soviet Union under Mikhail Gorbachev, they can take comfort in not being alone. Their bafflement is shared by the vast majority of Soviet citizens. It is part of the explosive mixture of emotions with which they are trying to grapple with the phenomena of glasnost and perestroika which Gorbachev conjured up five years ago, and for which nothing in their past had prepared them. But against this confused background one thing is clear. The Soviet Union is at present caught up in the greatest convulsion of modern times, comparable in scale only with the 1917 Revolution itself.

These two new studies reflect this theme. Hedrick Smith's *The New Russians* provides the more detailed picture. He is the best kind of American reporter, tirelessly sifting and verifying his facts, always probing for the realities behind the appearances. As the Moscow correspondent of the *New York Times* from 1971 to 1974, he was a close observer of the Brezhnev regime, with its stagnation and corruption, and of the struggles of the dissidents as the net slowly closed around them. But he was also aware that, in the wake of Khrushchev's tentative moves towards liberalisation a decade earlier, there was a new mood of unrest below the surface; questions were being asked that could not go unanswered for ever.

In May, 1988, Hedrick Smith went back to Moscow to cover the Reagan-Gorbachev summit. Nine further visits to the Soviet Union followed over the next two years during which he made a series of documentary films called *Inside Gorbachev's USSR* for American public television and gathered material for the present book. He travelled more than 40,000 miles, visiting 25 major cities and nine republics, from the Baltic to Armenia and Azerbaijan, from the Ukraine to Sverdlovsk in the Urals (a city formerly closed to foreigners), endlessly asking questions and weighing-up the responses of Party apparatchiks and reformers, government officials, factory workers, peasants on State and collective farms, and

THE NEW RUSSIANS
by Hedrick Smith
Hutchinson £17.99, 622 pages

EPICS OF EVERYDAY LIFE
by Susan Richards
Viking £15.99, 366 pages

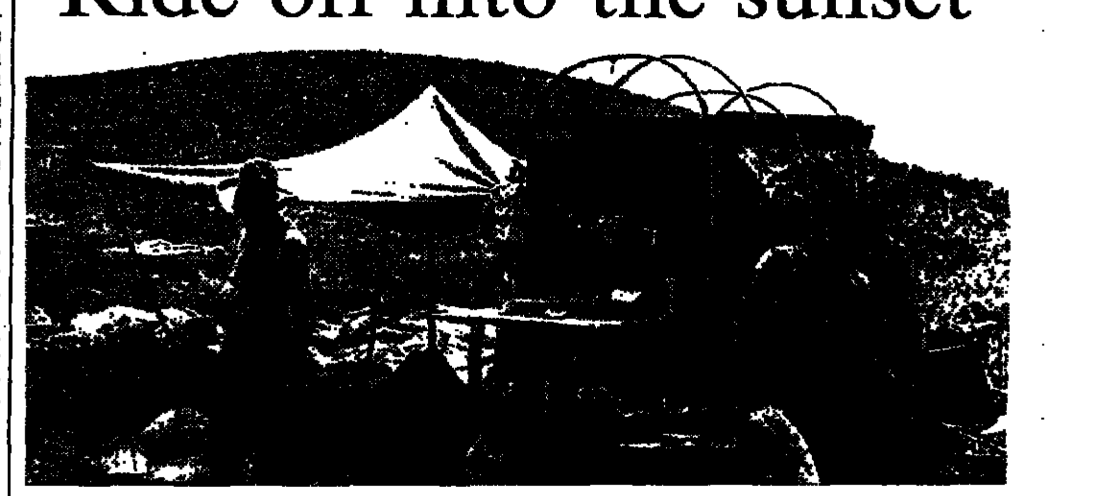
ordinary people encountered in the street.

Inevitably, one wants to know what they make of their new leader. Smith, surveying Gorbachev's awesome capacity for taking risks, refers to him as "a political trapeze artist who has defied the normal laws of gravity." From my own visits to Moscow, I would add that in the past five years Mikhail Gorbachev has frequently played the role of the sorcerer's apprentice, unleashing forces he could not control. Yet he has also been supremely agile in regaining his equilibrium after each setback.

If the Soviet Union is in the throes of a deepening crisis, at least glasnost has produced one vital change. The Soviet people are no longer fed on lies and are no longer afraid to speak their minds. The result has been a series of revelations that would have been unthinkable a few years ago: the mass killings carried out by the NKVD at Kuropaty, in Byelorussia, in the late 1930s, the huge disaster in 1957 at the nuclear weapons plant known as Chelyabinsk-40 in the Urals, the true cost, in Soviet dead and wounded, of the war in Afghanistan, to give only three examples. The press and television have both played a big part in awakening public consciousness, with television programmes like *Vyglyad* (Scrutiny) in Moscow and *The Fifth Wheel* in Leningrad often pushing investigative journalism to its extreme limits.

Susan Richards was drawn to Russian by an urgent desire to read Dostoevsky in the original, which is as good a way into the language as any. It certainly helped when, fascinated by the changes under Gorbachev, she decided to go and see for herself. In the relaxed atmosphere of glasnost she was able to live with ordinary people, not only in Moscow but in less-frequented places like Baku and Stavropol and even in the mountains of Daghestan. She shared the daily hardships of her Muscovite friends but noted how irrelevant their problems seemed to people on the fringes of the crumbling Soviet empire. Many of her observations – on the absurdities of Soviet bureaucracies, on the difficulties of peasants trying to set up on their own – brilliantly illuminate the dilemmas outlined in *The New Russians*. With its sharp insights into Soviet character, *Epics of Everyday Life* provides a brilliant impressionistic picture of the daily dramas of a society in transition.

Ride off into the sunset



Cowboys cooking by their wagon on a Texas ranch in 1907

COWBOYS OF THE AMERICAS
by Richard W Slatta
Yale £19.95, 424 pages

YOU MAY not know it, but etymologists trace the use of the term *cowboy* back to 1,000 AD, in Ireland. Swift used it in 1705 to describe a boy who tends cows. Its modern usage, though, dates from the 1830s, in Texas, where it was applied first to cattle thieves, then to ranch hands. *Cowboys of the Americas* traces the rise and fall of cowboy types in the major ranching areas of North America, from the horsemen of the Argentine pampas to those of the western Canadian prairies. As such, it is a work of social history, and a good one to boot.

The author, associate professor of history at North Carolina State University, notes that his book's structure can be likened to that of a cowboy movie. First we are introduced to the many cowboy types. Flashbacks tell us about their shadowy origins as wild cattle hunters. Then the cowboy hero rides onto the plains.

The dust, smoke and sweat of the cowboy's life remain at the heart of the action in the book's central chapters – roundups and trail-drives, meals by the campfire, gambling and brothel-going, battles with the Indians.

Then come various scenes at twilight: rapid changes in the ranching industry permanently alter the cowboy's way of life. Villains appear. Political and economic forces go to work. A procession of farmers, immigrants and new gadgets pushes across the plains. Finally, the cowboy rides off into a brilliant Hollywood sunset.

This is an excellent work of scholarship. The pictures are splendid, too.

Michael Thompson-Noel

Youth in a distant world

HERE IS a beguiling book, not quite a novel and not quite an autobiography, that will probably haunt you for the rest of your life. The haunting will be entirely pleasant, for as the slightly archaic title suggests, *The Snows of Yesteryear* contains a strong streak of romanticism. Gregor von Rezzori is writing in his old age about his youth in a distant world: perhaps not surprisingly, the characters may have become starker and bigger than they really were.

The setting is the Bukovina, once the most remote crown land in the Austro-Hungarian empire, and subsequently part of Romania. The theme is the extent of the dislocation caused by two world wars, including the rise of Nazism and anti-semitism. That is the macro part of it. The micro part is that the book is largely confined to five portraits – of the author's mother, father, sister, nurse and governess. Although there is a separate character sketch of each, their lives are of course intertwined.

It was both a hierarchical and a learned world, and one not without money. It was almost automatic for the mother to winter every year in Luxor. While the father devoted most of his life to hunting, he was also a scholar.

THE SNOWS OF YESTERYEAR
by Gregor von Rezzori
Chatto & Windus £16.99, 290 pages

He wanted to study chemistry, but had to settle for ballistics. He painted as well as shot. Once he criticised his son for not taking easily to Latin because without such a language he might find it impossible to communicate with a catholic priest if he got lost in China. The sister, who died at the age of 22, had passed top of her year for the Austrian foreign service. Even the governess turns out to have been the companion for a while of Mark Twain. All told, it seems to have been a much more international world then than it is now.

There were remarkably few taboos. A Slav female doctor notes, while performing an eye operation on the author: "No woman who hasn't had syphylis can call herself truly a woman." Feminism was in the air, and the most advanced notions of education, although there was still prejudice: for instance, against a woman pursuing a profession and, above all, between the ethnic groups. Mild anti-semitism was respectable; Rezzori traces in passing its rise to something quite different.

It was also a violent and lonely world. Most marriages end in tears or worse. Happiness is the exception rather than the norm, and the forest with all its suggestions of primitive mythology is always in the background. Civilisation is there, but frequently fighting a losing battle. All that is beautifully put together; it is a pity that the book should sometimes be spoiled by the use of a word like "gotten" and a few other infelicitous translations.

Malcolm Rutherford

Motoring

Bad company

***Stuart Marshall** looks at a driver survey*

COMPANY CAR users drive too fast, too close, are prone to drink and drive and take more risks. Yet they consider themselves to be more experienced and more skilful than other drivers.

No, I am not parading my prejudices, merely quoting from a Gallup poll commissioned by the General Accident insurance group. It found that Britain's 3m company drivers were more likely to break the law than other motorists and to exhibit a whole range of bad driving habits. Salesmen were the worst offenders.

The pollsters found 52 per cent of company drivers (and 62 per cent of salesmen) confessed to driving regularly at over 80 mph (130 kmh) on motorways and over 40 mph (64 kmh) in built-up areas. Nearly half thought 90 mph (145 kmh) was acceptable on motorways; only one private motorist in four agreed. Twice as many business drivers and nearly three times as many salesmen as private motorists admitted to tailgating though they found it a serious irritation when they were tailgated.

Gallup found that both groups of drivers believe they are better than the other. Of company drivers, 65 per cent reckoned their standards were higher than those of private motorists, 56 per cent thought they were more skilful than their business colleagues. While 62 per cent of private motorists thought themselves better than company drivers, only 37 per cent felt themselves superior to other private drivers.

So what is to be done? Obviously, better driver training can reduce accident rates. Many organisations like the Institute of Advanced Motorists take company drivers in hand, wean them off anti-social habits and save their employers large sums of money.

Companies handing out hundreds of cars to employees have a heavy responsibility but remarkably few face it. Only 9 per cent of fleet managers arranged for employees to have advanced driving courses.

Any advanced driving instructor will tell you the first thing they have to do is persuade most company car drivers to change their attitude toward other road users. Their manipulative skills are fine. But they have to be shown that driving on the accelerator and brake is not the best way to make quick, smooth and safe progress.

Some companies handing out cars to employees seem to be simply asking for trouble. Gallup notes: "Few bother to check on (their) suitability and driving history. A quarter of those . . . questioned did not even ask if they had a full UK driving licence and only half checked to see if drivers had penalty points on their licence."

FORD RECKONS its new Escort Estate will be twice as popular as its predecessor and will account for 14 per cent of total Escort sales, writes Stuart Marshall.

It deserves to because, even more than the standard hatchbacks and Orion saloons, the new Escort estate is a markedly improved car. There is a lot more load space, with a pull-out cover to conceal what you put in it, plus a styled roofrack for things that really are too big to go inside.

Ford has listened to owners of the previous model. The tailgate is more nearly vertical and has a Sierra-style "bubble" shape. This is not just to improve looks but to ensure that when you load up with an antique chest (or a new freezer) you are less likely to catch its sharp corners when you shut the tailgate. Nor do the tail light clusters intrude so much into the load space – they used to make it difficult to hump bulky things on board. The new Escort Estate has specially slim ones and the load space at its broadest point is nearly a foot wider. Finally, Ford has introduced a cunning little gutter which stops rainwater from running back down an opened tailgate and dribbling all over the load.

The Escort Ghia Estate (pictured) I drove in an arctic Scotland last weekend and the GLX version has the roofrack and load cover as standard. On cheaper models they are extras, as are the handy underseat storage trays which also come as part of the Ghia package. Driving north from Edinburgh on the almost empty M9 and A9 in a howling gale, the Ghia Estate cruised quietly at the tolerated 80 mph/130 kmh with a lot of power in hand. Next day it felt sure-footed on roads through the snowy hills around Gleneagles when the ABS brakes (another optional item) were reassuringly efficient.

The seats are fairly firm but the ride is consistently good whether you are fully laden or running light.

At present, the only power units available are petrol engines of 1.3 or 1.6 litres cylinder capacity but a 1.8 litre diesel will be added soon. The standard 5-speed gearbox on all but the lowest specification Escorts is light and smooth.

Trusty not rusty

ISN'T it about time we allowed Lancia to come in from the cold? For years Britons, mindful of the body corrosion disasters that befell Lancia Betas in the 70s, have thought the name synonymous with rust.

It certainly was then. The same could have been said of Fiat, which owns Lancia. But Fiat Group has done a lot to improve build quality and durability. Now, it says, both Fiats and Lancias are at least as resistant to assault by the dreaded tin worm as any rivals.

Only time will prove that. A lot of British buyers remain deeply suspicious, which is why Fiats and Lancias do not hold their value as well as other makes.

But if the latest Lancia Dedra 2000 Turbo really is as reliable and rust resistant as class rivals such as the Audi 90, BMW 3-Series or Mercedes 190, it has to be rated a very attractive car.

The Dedra 2000 Turbo I drove in the south of France was as rock solid and squeak-free as any upmarket German car. It rode firmly and steered sharply on its ultra low profile tyres and felt safe and nimble on roads that put a premium on handling and roadholding.

A viscous coupling is fitted between the differential and one of the front drive shafts. This moderates wheelspin when accelerating hard on a slippery surface or when powering through a fast uphill bend.

With 165 horsepower on tap, the Dedra 2000 Turbo is a vigorous performer – it has a claimed 215 kmh/136 mph top speed – and really flies once the turbocharger takes hold at around 2,000 rpm. It is not fussy in town, has an excellent 5-speed gearshift and the interior could be called sober if it were not so stylish. A price of between £17,000 and £18,000 can be expected when it arrives in Britain early in the New Year.

ART BOOKS

Reading well, looking good

Our critics select the best from the plethora of coffee table books on the market

IN THE age of the coffee table art book by the lorry load, the good read is the more welcome for its rarity, and in this respect Christopher Neve's **Unquiet Landscape** (Faber & Faber, £25) is outstanding. Glossed in the subtitle as "Places and Ideas in 20th Century English Painting", its premise is that far from being the mere passive subject, for the true artist the landscape is the most direct, positive and active force at work upon his imagination. Neve treats some 20 artists in turn, from Sickert to Hitchens, and explores the emotional and imaginative qualities of each peculiar landscape, tangible and intangible – the Wittenham Clumps of Paul Nash or Stanley Spencer's Cookham on the one hand, the immanence of God in the visionary world of David Jones on the other.

He writes beautifully, unaffectedly and with great attack, the text full of unexpected images: of F.L.Griggs: "A very diminutive etching can contain, within a few centimetres, more darkness than is enclosed at night by a Gothic cathedral": and of John Nash: "It requires practice to see the second spring hidden in fair weather towards the end of September ... January thawing noons already suggestive of spring. April dusks that breathe high summer." "What is it about these pictures?", he asks himself. Neve comes wonderfully close to telling us.

So back to the coffee-table. **Ivon Hitchens** is given the full treatment in Peter Khoroche's admirable monograph (Andre Deutsch, £40). He was an artist latterly too prolific perhaps for his own good, coming close to self-parody, or so it seemed. But since his death in 1979 critical revision has reconfirmed him as a true original within the mainstream of serious modernism. He may lack the range, but of all English painters he stands the closest to Matisse.

It is one of the curiosities of British life that a culture apparently so indifferent to the visual should, uniquely, not merely allow but positively institutionalise the visual record of modern warfare. M.R.D.Foot, in his **Art and War: Twentieth Century Warfare as Depicted by War Artists** (Headline, £25), disarms art-historical criticism by his initial disclaimer that "This is a book about War, more than about art". And yet it is manifestly about art! Foot has made good use of the collections of the Imperial War Museum, bringing out much that is unfamiliar but of the highest quality.

The Scottish is a very special category of British art, closely related yet distinct. William Hardie now brings up-to-date his pioneering study **Scottish Painting: 1837 to the Present** (Studio Vista, £35), first published in 1976, which interval has seen much new talent emerge in the Northern Kingdom, from Bellany to Campbell. Duncan Macmillan, in his **Scottish Art: 1460-1990** (Mainstream, £35) paints with a broader brush, necessarily more cursorily especially in the later periods.

Marco Livingstone's **Pop Art: A Continuing History** (Thames & Hudson, £29.95) is a lively survey, strong, even definitive on the classic periods of the 1950s and 1960s. The later phases in established careers, and the work of recent years with Pop become a more general and insidious virus in the creative bloodstream, grow more equivocal. But this, as Livingstone makes clear, is but the continuing story.

William Packer

From David to Seurat

THERE IS an attractive choice of art books this year for anyone who likes both painting and history.

Jacques-Louis David lived and painted right through the French Revolution. His celebrated canvas "The Oath of the Horatii" in 1784 set the tone of the bloodshed that was to come; it enshrined the patriotism promoted by Corneille in his tragedy *Horace* but without referring to any actual identifiable episode in the play. As with so much of David's work, there is room for various interpretations, and it is good to have those of Luc de Nanteuil, a French career diplomat, in **David** (Thames & Hudson £12.95), a condensation of an earlier volume, with full-page colour illustrations.

If David reminds us of the pomp and circumstance of history, Goya's appeal is more starkly immediate. He must be the artist Auden had most in mind when he wrote "How well they understood suffering, the old masters." Goya shows us unflinchingly the Inquisition at work, people strung up on pulleys while they are being interrogated, and the defenders of Madrid facing the firing squad in 1808 – to mention two of the most memorable studies of man's inhumanity to man reproduced in **Goya** by Alfonso Perez Sanchez (Barrie and Jenkins £19.99).

They are put alongside his more sensuous genre paintings of young women, the Maja and Celestina, and his portraits of influential patrons. Who better to discuss their significance than Senor Sanchez, the director of the Prado Museum in Madrid?

Ingres (Thames & Hudson, £12.95) was a pupil of David's. He is the subject of a volume by Robert Rosenblum, professor of Fine Arts at New York University that is uniform with the one above on his master. Here, if anywhere in the work of a single artist, we can see the consummation of classicism and the dawn of impressionism. The Grande Odalisque stares at us disdainfully from her couch with David's similarly posed Mme Recamier on the opposite page for comparison, and as we stare back we think ahead to Manet and Cézanne.

It is a short step from a nude recumbent on a couch to one or more nudes bobbing about in a pool. Cézanne painted women bathing in this way at least 200 times. The Kunstmuseum in Basel mounted an exhibition in 1989 to reveal this aspect of Cézanne's career, and Mary Louise Krumrine's **Paul Cézanne: The Bathers** (Thames & Hudson £39.95, 321 pages) began life as the catalogue for the exhibition. However, it well deserves a longer shelf-life. Starting with the realistically depicted bathers of the artist's early efforts, and following them through to the final symbolic studies, this finely illustrated volume sheds a fascinating light on his development.

If the Impressionists were revolutionary in technique, they were frequently nostalgic and escapist in the scenes they chose to paint. That is the *aperçu* of English art critic John Russell Taylor who makes a judicious selection of artists and paintings to elaborate it in **Impressionist Dreams** (Barrie & Jenkins £25.00).

One of those artists is **Seurat** (Thames & Hudson, £45), whose lasting importance is now universally recognised. Stephen Sondheim's musical *Sunday In The Park With George* has aroused much curiosity about Seurat's comparatively short life. Some of this curiosity may be satisfied by the biography by the distinguished American art historian, John Rewald. It is in fact an old book dating in its first edition from 1948, but none the worse for that. It re-surfaces pleasantly enough in its new guise with a big pull-out illustration of "La Grande Jatte".

If Seurat has suffered from almost too much attention and reproduction recently, that is even truer of Renoir. However for those who lack reminders of the pick of his work as a portrayer of the female form, **Renoir** (Barrie & Jenkins, £19.99) by Sophie Monneret should serve them well.

Camille Pissarro has, by contrast, been somewhat neglected and it is good to have the director of the Dallas Museum of Art, Richard R. Brettell's **Pissarro and Pontoise** (Yale £24.95) which considers his *oeuvre* in relation to the village in the Ile-de-France that is the setting for some of his most important works. A study of regional history in and around Pontoise as well as of painterly achievement, this is a valuable contribution to our understanding of a charming artist.

Anthony Curtis

The season is remarkable for the publication of no less than three sumptuous volumes about The Hermitage in Leningrad. Largest, grandest and most expensive is *Paintings In The Hermitage* by Colin Eisler (Stewart, Tabori and Chang, distributed by Little, Brown and Co, 653 pages, £80) – from which this *Madonna Litta*, by Leonardo da Vinci, is taken.

But as the title makes clear, only paintings are included, whereas *Treasures Of The Heritage* (Studio Editions £19.95, 391 pages) ranges from prehistoric statuettes to coins and icons. Thirdly, *The Hermitage* (Booth-Clibborn Editions £16.95, 164 pages), published in association with the museum as the first of a series, is more of a first introduction – and could indeed accompany a visit to the museum without risk of physical injury.

Icons and images

TWO PARTICULARLY stimulating books on art which have come my way are concerned with the power of images, icons that men and women have died to defend and to smash. Neither is the kind of lush art book you might reasonably have in mind for those sated hours between Christmas lunch and dinner. But if food for the mind is required, I can recommend them.

Jaroslav Pelikan's **Imago Dei: the Byzantine Apologia for Icons** (Yale £25), brings to life the knock-about of medieval theological dispute. God left little ambiguity when he commanded the Israelites not to make any carved images, no likenesses of anything in the heavens or on earth. Christianity inspired its followers to resist to the death commands to pay homage to imperial images. The early Church Fathers denounced the notion that there could be a Christian art since likenesses could not be made of the divine. How, then, could Byzantine intellectuals work their way round to justifying worship of icons?

The ingenious and profound arguments of the icondules, or image-worshippers, were forged in the 8th and 9th centuries, after Emperors Leo III and Constantine V condemned image-worship: only sixteen pre-Iconoclasm icons survive, which shows the repressive power a pre-modern state could muster.

Pelikan reviews the intellectual fire-power of the two sides, iconoclasts and icondules, although the former come down to us largely through the valuable, if not always accurate, testimony of the winning side. He writes with superb clarity and the result is an absorbing introduction to the religious art and thought of Byzantium.

Images of a markedly less spiritual kind are the subject of **Totalitarian Art** by Igor Golomstock (Collins £30). The argument here is that the art and architecture of totalitarian regimes is essentially one style, the 20th century's second major movement after modernism.

The art of the Soviet Union (before perestroika), Fascist Italy and the Third Reich shared a common goal and a common aesthetic which upheld realism, prated of its classical roots, and abhorred other styles. In the case of Italy, the picture becomes rather untidy because the regime was far more liberal and artists could quietly work and prosper selling unofficial art. China is included briefly as a kind of object-lesson, so enthusiastically did Mao seize upon the alien style of Western art to press it into the service of idealogy.

Golomstock points out, without much enthusiasm, that there is far more realist painting of the 1930s and '40s about these days. Indeed, Soviet artists like Pimenov and Deineka were exhibited at Birmingham this year. Albert Speer's architecture has his admirers and some day, surely, there will be a major show of Nazi artists. Although this book is long and too diffuse, it is a major achievement. A concluding photo-essay neatly makes the point about favoured themes with paired paintings, Nazi and Soviet, of heroic labourers, child recruits to the Party, military triumphs, and above all, the Leaders. Unfortunately, it is almost impossible to discover where these disturbing images are now kept.

The Labour party is committed to returning the Elgin Marbles to the Greeks. Readers wanting to forearm themselves against losing their Marbles if there is a Labour victory at the next election should buy Jeanette Greenfield's **The Return of Cultural Treasures** (Cambridge £32.50). Although the author, an anthropologist, takes a liberal view of the debate, this book is not a fire-breathing polemic. It is a collection of case histories, with victories on both sides, and throughout a glorious muddle of inconsistent arguments, dubious motives and double-think.

New figures step forward to share Lord Elgin's opprobrium, such as André Malraux, given a prison sentence in 1908 for removing a ton of carvings from the temple near Angkor in Indo-China which he was meant to be studying. As old as the 18th century, and maybe older, this is a rich subject, and Greenfield's book is an excellent guide for any would-be cultural politician.

Finally, to an obscure, scholarly, expensive and beautifully-made book for bibliophiles and collectors. **Medieval Book Production: Assesing the Evidence**, edited by Linda Brownrigg, is a fine press book, published by Anderson-Lovelace and The Red Gull Press (£49, from 56 Staunton Road, Headington, Oxford). It is a volume of essays about how medieval books were produced – writers, patrons, artists, and craftsmen. An extraordinary level of design and finish make this the sort of publication art-books ought to be – but seldom are at any price.

Patricia Morison

Of gold, silk and glass

THE DECORATIVE art books of the season are for those of you with large stockings and long pockets, and, like the animals entering the Ark, they line up two by two. From opposite ends of the sterling scale, for example, come publications on gold and silver. Daniel Defoe may have thought that the goldsmiths' trade was "not proper for the women to meddle in", but Philippa Glanville and Jennifer Faulds Goldsborough present intriguing evidence of women's considerable – and largely unrecognised – contribution to the British and Irish silver trade. Their handsome **Women Silversmiths 1685-1845** (Thames & Hudson, £28) offers the first, albeit brief, analysis of the involvement of women at every level of the trade.

Over 300 women registered their own mark or became apprentices in this period. Some 36 are represented in the National Museum of Women in the Arts, in Washington DC, whose collection provides the visual material for the book. Most famous are the likes of Hester Bateman, the Hugenots Louisa Courtauld or Elizabeth Godfrey (the outstanding woman goldsmith of the 18th century) and Rebecca Emes, a partner in the largest silver manufacturing business of the early 19th century.

Kenneth Snowman's revised and expanded new edition of **Eighteenth Century Gold Boxes of Europe** (Antique Collectors' Club) weighs in at 6½ lbs and £125, a price justified by a lavish quota of 350 colour illustrations and 580 in black and white. This is a work of serious scholarship, and of wondrous curiosities. (It is also worth mentioning that the 3rd edition of Arthur Grimwade's **London Goldsmiths 1697-1837: their Marks and Lives** was published in June by Faber & Faber, £60.)

As further proof that businesswomen are not a 20th century phenomenon, the star of Natalie Rothstein's impressive **Silk Designs of the Eighteenth Century** (Thames & Hudson, £55) is the Spitalfields silk designer Anna Maria Garthwaite, the daughter of a Grantham clergyman who launched her London carer at the age of 40 and "attempted to introduce the principles of painting into the loom". The patterned silks woven in England and France in the 18th century have never been surpassed in terms of technical range or quality, and the V&A collection, of which this is also a catalogue, is unparalleled.

Monique and Donald King bring us **European Textiles in the Keir Collection** (Faber & Faber, £75), the sixth catalogue to focus on this extraordinary and wide ranging post-war collection. Its breadth makes the catalogue a fine introduction to the evolution of the design and techniques of European textiles from Antiquity to the 18th century.

On a visit to Prague's Museum of Decorative Arts a year ago I longed for a guide to its outstanding glass collection. **Bohemian Glass**, edited by the museum's Sylva Petrova and Jean-Luc Olivié (Flammarion/Phaidon Press, £45) is what I was looking for. This first comprehensive survey ranges from the glass of the Middle Ages to the innovative work of the last few decades, which is accorded half of the book although I would have liked more on early enamelled glass, the engraved Mannerist and Baroque tours-de-force that outclassed even the Venetians, and on the glass of the early 20th century. Devotees of this period will no doubt derive great pleasure from **Lalique Perfume Bottles** by Mary Lou and Glenn Utt with Patricia Bayer (Crown/Thames & Hudson, £20).

From studio glass to studio ceramics, and back to the V&A: Oliver Watson's complete catalogue of the museum's 742 pieces of **British Studio Pottery** (Phaidon Christie's, £75). In his brisk and useful introduction, Dr Watson charts the history of the British-born studio ceramics movement, and the evolution of the museum's collection which began in its first years and continues apace today.

World Mirrors 1650-1900 by Graham Child (Sotheby's Publications, £49.50) is as comprehensive as its title implies. Illustrating 800 examples, it studies national glass manufacture and all manner of frame techniques from carving and gilding, japanning and boulle, to papier-maché and carton-pierre, in Europe, the US and China.

I end with the best of the plethora of design books that landed on my desk. Jonathan Woodam's **Twentieth Century Ornament** (Studio Vista, £30) offers a rich source of material on a wide range of European and American design, and is made especially enjoyable by a liberal sprinkling of well-retrieved "period" photographs.

Susan Moore

SOME OF the nation's artistic elite are going to have their Christmas ruined. By next Tuesday they should hear if they are to stay in the cultural first division and receive their subsidy direct from the Arts Council, or whether, in the cause of devolution and local accountability, they must rely in future on one of the new Regional Arts Boards, lining up with community arts groups and video workshops for their annual hand out.

The worthies on the Arts Council meet on Monday to rubber stamp, or overrule, the recommendations of the Council secretariat on the 31 appeals from the 92 arts companies recommended for devolution. They include such exalted organisations as the four London orchestras – the LPO, the LSO, the RPO, and the Philharmonia; the Royal Court, the Young Vic and the ICA; and, out of London, the Hallé and the City of Birmingham Symphony orchestras and the Royal Exchange Theatre, Manchester. All wanted to cling to the familiar old Arts Council but the whisper is that the policy of devolution has been rigorously pursued. The ICA, and perhaps the Royal Court, are the only organisations who might retain the status quo.

It is all Mrs Thatcher's fault. If she had stayed put as PM, David Mellor would have remained as Arts Minister. He was palpably not so keen on the drive towards local funding which had been the brainchild of his predecessor, Richard Luce. Indeed in his brief spell as Minister Mr Mellor tightened central control over the appointments to the planned RABs and intended to have the final word on which companies would be devolved. But Mellor gained promotion to the Treasury as a reward for organising Mr Major's campaign for the Premiership and the new Arts Minister, Tim Renton, will be tempted to take the easy option and acquiesce to the Arts Council's recommendations.

The secretary general of the Council, Mr Anthony Everitt, has long championed stronger local arts bodies and believes that the new RABS, when they come into force on April 1, 1992, will only be taken seriously if Arts Board North West, for example, numbers the Hallé and the Royal Exchange among its clients, and the West Midlands Arts Board nourishes the CBSO and the Belgrade Theatre, Coventry.

The greatest grief will be felt by those arts organisations


Alan Harper

Arts Minister Timothy Renton's Chief Whip skills will be needed over Arts Council subsidies

Phantom funding

Antony Thorncroft explains the devolution muddle

who happen to be based in London but who believe their audience to be national, no, international. Virtually unanimously they objected to being transferred to the London Arts Board. Their horror is understandable because, with reason or without, the old Greater London Arts Association had a dubious reputation. It was rent with acrimony, and was a byword for feuding along political lines, racial lines, and sexual lines. The arts needs of Londoners seemed secondary to the correct theoretical stance. Orchestral managers and directors of renowned theatres doubted whether their financial needs could be accurately assessed by local arts bureaucrats more familiar with the Black Mime Theatre, the London Disability Arts Forum, and South Asian Arts Forum. In recent years GLAA attempted to adapt to the Thatcherite times, and many of the projects which took it into social work rather than artistic development have been abandoned, but its reputation had been tarnished.

But the irony is that the internationally renowned LPO, or the critically triumphant Young Vic, will not fall into the thrall of a moribund relict of the Greater London Council. At the moment it looks as if these companies, if devolved, will be controlled by a phantom. For the London Arts Board, due to start operations on April 1, 1991, and to act as a blueprint for the other Arts Boards, hardly exists.

It has no chairman, because no one will accept a job without knowing whether they are superintending an organisation with a budget of £16m a year (its likely funding if the LAB takes on all the devolved companies) or somewhere nearer its current grant of £8.5m. With no chairman there is no board, and no chief executive. All the current staff have been told to expect no guarantees of employment after March 31 and many seem certain to be dumped in the thrust to break with the past and create a Board under a chairman with the right entrepreneurial image. Mr Brian Powell has struggled on since October as acting chair awaiting a miracle.

To make his task that more impossible the Arts Council seems likely to give the LAB only a 2.5 per cent increase in grant for 1991-92 while all the other regional arts organisations (along with directly funded Council clients) will receive 8 per cent. It has two excuses for such parsimony – many of the companies devolved to the LAB will be given a dowry of 8 per cent rises, and that anyway the dying GLAA is awash with money.

By a strange freak this is true. It has a surplus of around £1.4m. Almost half of this is money earmarked for the now defunct Roundhouse project and will be returned to the Arts Council. The rest was set aside to cope with anticipated emergencies among its clients when their other paymaster, the local authorities, began axing grants in the cost cutting forced on them by Poll Tax capping. These are now on line (Greenwich anticipates cutting its arts funding by £4m; Southwark by £1m.) but on the 1991-92 budgets. Should Powell hold on to the money to meet the certain crises arising next year, or distribute it to the first victims of retrenchment, like the Hackney Empire which needs £200,000 quickly to survive?

The final irony of an over-endowed GLAA is a fitting end to its sad history. But to convince the big orchestras, the Royal Court, etc, that they will be looked after by experts, sensitive to their global pretensions, the London Arts Board will need to be staffed by Titans. The failure to find such heroes to date, and the meanness over the 1991-92 grant, do not inspire confidence. The decisions – on devolution, on appointments, on who gets the money from the new £22m Enhancement Fund (widely seen as a way of bailing out the RSC above all others) – have landed on the desk of the genial Mr Renton. He will need all the persuasive skills he developed as Chief Whip to prevent a mass outbreak of sulking by his vociferous and disaffected new charges.

New York Saleroom

Toys for the big boys

NEW YORK "does" Christmas much better than anywhere else and the decorations are exquisite. There are traditional set-pieces like the Christmas tree in the Metropolitan Museum, the windows of Saks Fifth Avenue and the angels at Rockefeller Center, and then there are newcomers like the atrium of the IBM Gallery of Science and Art: awash for the season in poinsettias and colossal wreaths of yew, it is quite spectacular.

In recent years, the auction houses have joined the Christmas fun and it is now traditional for them to have sales which focus on toys and the world of entertainment. Last week, Christie's sold vintage Hollywood posters and costumes from Paramount Studios, the William Doyle Galleries sold the possessions of the late Rex Harrison – including his shirts, pullovers and ties – and today, Sotheby's are selling animated art by Walt Disney.

Next week, Sotheby's continue the festivities with two more auctions: "Collectors' Carousel" (December 17) and "The Toy Collection of Anthony Koveleski" (December 18). In the "Collectors' Carousel" sale there are numerous dolls. They are mainly French and German and are of varying degrees of antiquity. Catalogue photographs showing them grouped together make them look like bizarre refugees from some 19th century dictatorship. The most expensive dolls are early 19th century French ones with bisque heads and jointed-wood bodies. Two particularly fine examples of this type are on offer with estimates of \$15,000-\$20,000.

There are a number of musical boxes in this sale. Most of them are Swiss and date from the late 19th century: their estimates vary from about \$800-\$7,000. Victorian automatons in the form of singing birds are more expensive at about \$4,000-\$6,000.

Among the toys are some old American clockwork figures – a preacher, a pair of black dancers, "Uncle Tom" – all of them by one of the most sought-after makers, Ives, Blakeslee & Co. (Estimates \$800-\$2,500). Included also are several examples of that ingenious American toy, the mechanical bank, which was designed to teach little 19th century capitalists that saving was fun. Made from cast-iron, these come in different forms: a monkey will deposit a coin placed on his paw into the mouth of a lion, or an Indian will shoot a coin from his gun into the chest of a bear. Such banks are now much-prized by collectors: an average price is about \$1,000 but rarer models can be much more expensive.

Next week, the best toys on offer are in the sale of the collection of one of America's pioneer toy collectors, Anthony Koveleski. Among the 360 lots are mechanical banks, trains and various vehicles in cast-iron, steel and tin. Of the banks, the most expensively-estimated (\$10,000-\$15,000) is one in which a mouse appears and knocks a coin into the bank before a springing cat can reach it. A rare Ives-painted tin clockwork wagon with an old lady driver and a black boy hooked to the back is estimated at \$25,000-\$30,000. A cast-iron wooden and clockwork fire-engine house, dating from the 1890s, is expected to fetch \$4,000-\$6,000. A job-lot of Mickey Mouse Memorabilia, including a Mickey alarm-clock, pen and harmonica, as well as Japanese bisque figures of both Mickey and Minnie, could bring as much as \$1,000.

Toy collecting is now big business. There is an extensive literature on the subject, monthly magazines like "Antique Toy World", and collectors' clubs which cater for toy enthusiasts world-wide. There are also specialist dealers. Among these is a London-based firm, Mint & Boxed, which has recently established itself on Madison Avenue. Mint and Boxed does not refer to the proprietors of the firm but rather to the condition of the merchandise in which they specialise: toys in mint condition and, where possible, in their original boxes.

The company recently sold its first million-dollar toy: an American tin fire-hosereel on wheels that was made about 1870. In London, it is based in Edgware but much of its business is conducted by mail order and its handsome catalogues make fascinating reading.

At the lower end of the market, they offer a Triang plastic Hillman Minx in its original box at £35. Dinky, Corgi and Matchbox cars – all dating from the 1950s and '60s (mint and boxed) - start at about the same price but can be as much as £300-£400. Larger Triang toys, such as a Ford Thames Trader "Pickfords" removal van that was made as recently as 1965, is priced at £3,500 and a Mettoy sports saloon car from the 1930s is £2,800. A model of Leipzig Railway Station by German toy manufacturers, Marklin, that dates from 1930, is \$48,000.

Anyone who has still not written to Santa should think of requesting a 1920s set of three Marklin fire-trucks complete with fire station when they do. That little stocking-filler is a mere \$575,000.

Homan Potterton

Back in the womb of time

FIVE MILLION Years: the Human Adventure is a remarkable – a unique – exhibition now on in Brussels at the Palais des Beaux Arts (until December 30). It employs skulls, skeletons and wall charts to track the first signs of what we might call a human mind, pursuing it from the earliest tools (5m years ago), through the domestication of fire (c. 600,000 BC) and ritual burial (c. 200,000 BC) to its incontrovertible manifestation in art (c. 35,000 BC). If we were in any doubt about what announced the humanity of our particular species of hominid, we need look no further than the magnificent sculpture of the Goddess of Laussel, the masterpiece of Paleolithic art. There she is, on view in Brussels.

About 20,000 years ago, this female figure, 54 cm high, was carved with flint chisels out of a limestone rock shelter, where she looked far out over the valley in Laussel in the Dordogne, only a few miles from the great cave at Lascaux. Discovered in 1911, she was known colloquially as the "Venus with a Horn," a name which acknowledges the mythical dimensions of a legend that has been lost. In her right hand she holds a bison's horn, crescent-shaped like the moon, with 13 notches scratched upon it, a figure evocative of the number of days of the waxing moon and the 13 months of the lunar year. Her left hand rests upon her swelling womb, while her head inclines towards the crescent horn, as though drawing a relationship between the waxing phase of the moon and the fecundity of the human womb. There is, then, already a recognition of an accord between the celestial order of the moon and the earthly order of the womb.

The figure is here positioned upright, though originally she reclined gently backwards, so that the curve of the maternal belly rose up out of the overhanging rock and sank slowly back into it. She is displayed, as are all the exhibits, in a chest of her own, carefully lit from within in an otherwise darkened room. There are three other reliefs from Laussel which were all found preserved in a long ledge nearby – two females and one male in an attitude suggesting a javelin thrower – pointing to the existence of a sanctuary (all are now housed in the Musée d'Aquitaine in Bordeaux).

Moving out of this dark room – a cave, as it feels to be – we are in the presence of Paleolithic animals everywhere: two ibexes locked together in fight or embrace, a dancing bear, bison, lions, as well as an anthropomorphic figure with the head of a lion, and even a woolly mammoth. But most of all there are horses: horses' heads in stone, bone and ivory, sculpted, drawn, carved and painted. On the walls there are photographs of horses and bisons from the cave paintings at Lascaux (which is now closed to visitors), and one exquisite carving of a leaping horse, almost flying from the end of what are usually called *batons de commandement* – sceptres or staffs with a hole at the base, whose precise function is unclear.


The Goddess of Laussel: chiselled out of rock 20,000 years ago

All the major Paleolithic sites are represented here, mostly from France – Ariège, Dordogne, Tarn-et-Garonne, Haute Garonne – some from Germany, and some from the famous finds at Dolni Vestonice and Brno in Czechoslovakia. The cases are arranged in regions, and gradually the eye learns to distinguish the different styles, to pick up more quickly the forms of animals, birds, dancing humans and abstract female forms scratched upon the broken remains of these early cultures.

Entering the rooms of the Neolithic phase of evolution (c. 8,000 BC) the change over so many thousands of years is not as great as we might have anticipated. Less has deteriorated, of course, but the line of continuity seems essentially undisturbed. One surprise is the size of the stone fish goddess from Lepensky Vir in Yugoslavia by the Danube (c.6000-5500 B.C.) – called here La Mère – a huge watery human-and-fish face with open mouth and bird's feet for hands, complete with breasts and vulva. More than 50 similar smooth egg-shaped sculptures, made from reddish sandstone, most of them twice as large as a human head, were found ritually placed inside triangular altars shaped as a human womb, with many sacrificial animals, including dogs, along with them. Some were undecorated, others were engraved with labyrinths, chevrons and streams of water. Several of these are here, and are astonishing when seen together.

The catalogue – in French or Flemish – has excellent photographs and clear identification of all the exhibits. Anyone wanting to read more could consult Alexander Marshack's *The Roots of Civilization* (McGraw Hill) and Joseph Campbell's *The Way of the Animal Powers* (Times Books).

Jules Cashford

Radio

Mad family relationships

THE TROUBLE with *Families and How to Survive Them* (Radio 4, Wednesday), or at any rate with the first of its six parts, is that it doesn't tell us. When Dr Robin Skynner says that Basil Fawlty had no security or love in early life, this is about an invented person. Perhaps the character resembles John Cleese, whose psychiatrist Dr Skynner once was; but then we are asked to learn from Ronnie Corbett in *Sorry!*, or Petruchio, or Alf Garnett, different cases all. It was hard to decide whether the programme was serious or funny.

Its overall theme was the question how we choose our partners ("fall in love"), but for me, a more illuminating study of family relationships was in David Wade's *Power of Attorney* (Radio 4, Thursday). In this, Geoffrey and Annabelle, middle-class and both just redundant, have to cope with their eccentric, disabled Aunt Beatie, whom they unexpectedly discover to be rich. They are also plagued with brother Eddie, 28 years in the bin, with two tiresome children and a mania about bearded painters.

But while Geoffrey and Annabelle are on holiday Beatie has a stroke and dies, having made a new will leaving a quarter of her estate to each of the horrid children, £20,000 to the housekeeper and the rest to Annabelle – if she will give mad Eddie a home for the rest of his life. Otherwise, it will go to the Tate. The argument is as convincing as it is hilarious, and Geraldine McEwan as Annabelle, Geoffrey Palmer as Geoffrey and Joan Matheson as Beatie were supremely good. Glyn Dearman directed.

Mad relationships fill Radio 4's Monday Play, too, in Jonathan Wolfman's *The Rock*. Lovesick student Carol takes a holiday in Scotland where she knows her tutor Robert Beam will be, and indeed she soon meets him, naked, in a rainstorm, shouting *King Lear*. His wife has left him for another man, and he now loves only his dog Tommy. Tommy is caught in a rabbit-hole, in which Beam finds a rock which he insists has mythological importance.

There is much mythological talk. Beam's teaching contract is ended. Tommy dies and is buried with the rock. Just as a hint of love arises between Carol and Beam, he learns that his wife is tired of her man and is coming home. The dogs (barked by actors) seem to be allegories, and there are distracting discussions of Greek love-goddesses. Carol Leader was an agreeable Carol, but Bill Oddie's Beam showed a trace too much low comedy. Andy Jordan directed.

And Julian Garner's *Thinking of You* (Radio 3, Tuesday) gives us the most hopeless association of all. Irish Stephen has been married to Florence for a month without telling her that he cannot read or write, so when he goes to a TB clinic she writes every day, expecting replies. Nicholas, a fellow-patient, writes for Stephen until one of Florence's letters announces her pregnancy, when Stephen decides that, well or ill, he will go to her. Nicholas dissuades him and offers to send her £5 a week (the date is 1923) as compensation for having served in the Black and Tans.

Stephen dies, Nicholas goes on writing on his own, and mutual affection develops as far as a proposal. They arrange to meet, but Florence does not show. "We would have killed him with our love," she concludes. Altogether too sentimental for me, this one. Kilian McKenna played Stephen; Gillian Bevan, Florence; Pip Torrens, Nicholas. Marilyn Imrie was the director.

B.A. Young

ARTS

The case for the straightforward lens

William Packer looks at the current spate of photographic exhibitions

ANY SUDDEN spate of substantial photographic exhibitions must always give the critic pause. Several retrospectives in London – of Andre Kertesz (in the Concourse Gallery of the Barbican, until January 23); of Tony Ray-Jones (at the Photographers' Gallery, 5 & 8 Great Newport Street WC2, until January 26: sponsored by Kodak and the Telegraph Magazine); and of Garry Winogrand (at the Hayward, until February 3: sponsored by Springs Industries) – and in Edinburgh a survey of New Scottish Photography (at the Scottish National Portrait Gallery, Queen Street, until January 16), together supply the present case.

Many still find it hard to accept photography as art. Their problem seems to lie not so much with its technical nature as such, for all the arts have their technical disciplines and limitations, as with a nature that is essentially mechanical and chemical. I see no such difficulty in principle, for the camera is only a tool that even an artist may use to achieve his end. But I am against photography that is self-conscious in its aspiration to the condition of high art. In an age that so often finds the achievement of the figurative image by graphic means quite beyond the technical resources of the artist, the easy virtue of the camera proves all too seductive. Much of the interest of *New Scottish Photography* lies with the contrast between the facile and the straight-forward.

Indeed I wonder that the heavy-handedly ingenious tableaux of Calum Colvin, that repeatedly exploit a single idea of pictorial convention – the flat, graphic image imposed upon a physical reality – should count as true photography at all. The photograph merely records a 3-dimensional installation through the single eye of the camera, without which monocular vision the image would simply fall apart. One may just as well have closed one eye, or rather both. So too, for the arch banalities of Ron O'Donnell's installations, Andy Wiener's portentous conversation pieces and R.S.Simpson's huge, empty-headed montages.

The true photography wins hands down, whether it is the exquisite still-life of Pradip Malde, and the careful consideration of the landscape by Thomas Joshua Cooper and Peter Cattrell, or the more general observation of Owen Logan, John Charity and Ruth Stirling. Cooper, with his dark, intense scrutiny of the close and particular landscape, quite empty of people yet alive with *genius loci*, is one of the best photographers working today and a true artist. Cattrell and Stirling, less well-known, are in their different ways no less distinguished.

Each of the London shows is by a photographer of the everyday and occasional moment, who may even seem to fire away at random and wait for the inner consistency of his vision to emerge only in the darkroom, as he pores over the contact sheets. Such is the approach that the American, Garry Winogrand, who died in 1984 in his fifties, seemed to take to an extreme. And yet, for all the apparent arbitrariness of the individual and random image, the collective impact of each series or theme is remarkably strong, the sense of a considered and controlled image ultimately inescapeable. The girls in the street are caught at just the moment of their first suspicious awareness of the photographer's presence. Heads turn, caught in the flashlight at the night club. The photographer makes his own luck.

'Apollo II Moon Shot, Cape Kennedy, Florida,' 1969 by Garry Winogrand at the Hayward Gallery

The Englishman, Tony Ray-Jones, died in 1972 at barely 30, at just the moment when his gift was maturing into considerable achievement. His work is more relaxed than frenetic, full of wit and oddly poignant in its view of the British at their sad and serious pleasures. The beauty queen yawns and leans behind the man at the cafe table, oblivious, drinking his tea: the Glyndebourne picnic takes its course, closely observed by cows: an old man, trousers rolled up, paddles in the sea. This is the world of the horse show and the street parade, the seaside and the local fête, fixed in the single, fortunate, typical yet unforseen image.

The Hungarian, Andre Kertesz, who died at 91 in 1985, was one of the great masters of photography in the 20th century. The show is a full retrospective, covering every aspect of his work – the still-life, the formal experiments, but above all the acute and humane observation of life in the real world, caught on the wing. A shadow falls across almost every image, itself image and metaphor of the fleeting moment.

Ballet

When less is best

AS THE curtain rose on Balanchine's *Stravinsky Violin Concerto* at the start of Thursday night's triple bill at the Opera House, we were presented with a bare stage filled with light, with dancers in austere practice dress, and with music and choreography. And did we need more? What followed – Ashley Page's *Bloodlines*; Nureyev's view of the third act of *Raymonda* – appeared either foolish or overblown.

There was the paraphernalia of scenery, metal constructions, chandeliers, a Hungarian formation-dancing team, trudging workers in plastic outfits, infinities of earnestness and factitious charm, and nothing that did not seem compromised, ineffective.

Stravinsky Violin Concerto asserts certain ineluctable truths about its cast, as about the art of classic dancing, which were obscured in the two succeeding pieces. Maybe the Royal Ballet's dancers cannot rival the nervous drive that New York performance gives to Balanchine, but Thursday's account had proper respect for the work's variety and for its span of activity, and its performers looked clean in style, secure in skill, physically handsome. Deborah Bull, Viviana Durante, Philip Broomhead, Stuart Cassidy and their colleagues were dignified, honourable in technique, and admirable. (Cassidy, in his variation, showed a musical alertness, a boldness of accent, that were very fine indeed).

All of these soloists were variously involved in the later matters of the evening, and looked diminished as performers. Nothing about *Bloodlines* persuaded me to revise my initial disquiet that such a production should have been allowed to reach the stage. Its sound-track is an affront to an opera house; its design is too potent by half – the piece would be better with either its metal structure or its painted drop, but not with both; its dance, like its cast, seems aimless, and the stage action improvisatory.

The closing *Raymonda* had a somehow frantic air, as if the company had suddenly decided that it would be such fun to get into those mad hats and pretend to be Hungarian. The Csardas lacked an essential fiery authority; the solos were underpowered; Sylvie Guillem despatched the ballerina role with a cool efficiency (and with hand-claps, which are considered frightfully bad form at the Kirov); the always-welcome Laurent Hilaire brought a vivid bravura to the male solo.

But for the example of dancers as artists, as individuals, we had to remember the bright vision of the Royal Ballet proposed by *Stravinsky Violin Concerto*. There we saw a true classic ensemble.

Clement Crisp

Men in macs and underpants

THE BEST thing above *How to Love a Man Who Doesn't Love Me* at The Place is, of course, its title. As you watch the piece, you want to respond in kind with lines of your own: "Who could blame him?" and "Anyway, he'd never fall for you in that mac and those lopsided underpants."

But I should explain. *How to Love a Man who Doesn't Love Me* is performed by ten male performers. Sometimes they wear macs, sometimes pants, sometimes long-sleeved vests which left the midriffs bare. In most cases their hairdos were in much better condition than their stomach muscles. Their haircuts were in fact the third best thing about the piece.

The second best thing was their biographies in the programme – sheer *Time Out* Lonely-Hearts stuff ("Me, actor, 20's, tall, dark hair, travelling westbound on the Metropolitan Line 4: 45 Monday. You, tall(ish) reading "The Scented Garden" p. 127. I was the nose in your armpit. Contact: Box no 5734.") I could have done with a lot more reading-matter, of this or any kind, during the performance.

How to Love a Man who Doesn't Love Me is the work of choreographer/director Edwin Lam, currently artist-in-residence at the Place Theatre. Previously he has worked as administrator, production co-ordinator, director and choreographer for the Hong Kong group Zuni Icosahedron, described in his programme biography as "an avant-garde dance-theatre company". But there is no avant-garde any more. You can be pretty sure that anyone who describes himself these days as avant-garde (a) is pretentious (b) fancies himself (c) is derivative.

Let us attend to category (c). *How to Love a Man who Doesn't Love Me* is a watery and apathetic study from the School of Pina Bausch. You see a lot of routines of ordinary movement – walking, running, opening letters, reading, stamping, laughing, falling, all without apparent purpose. You see one-way attempts at communication: one man lays hands on another man's mouth, stomach, crotch, chest, all to no avail. You hear an old song – "Everything is rhythm in my heart" – and you see a man mouthing its words and, later, singing them (flat). Oh the irony and ennui and pointlessness of the human condition. And all that.

How to Love a Man shouldn't even be described as gay. It probably wants to be, but it hasn't the energy to be sexual. Its half-hearted stage relationships and exchanged glances are, in fact, merely coy. Poor Edwin Lam is a Hong Kong artist who has made an impeccably correct piece of Eurotrash.

Alastair Macaulay

Tempting fate with Fidelio

IDEALLY ONE should attend a first-class performance of Beethoven's unique opera every four or five years (one always feels morally improved), but otherwise come no closer to it than an occasional *Leonore* Overture. Going to *Fidelio* three times in four months, as I have just done, is tempting fate – and critical jaundice if the first, like my Salzburg one this summer, was satisfying enough.

Salzburg keeps coming back like a fading song. The Royal Opera has just borrowed their gentle, warm-hearted Leonora, Gabriela Benacková, for a production that did her far fewer favours; and Lorin Maazel's concert-performance on Thursday imported Salzburg's other two principals, Thomas Moser as Florestan and Kurt Rydl as Rocco, to the clinical Festival Hall acoustic. All the spoken dialogue of Act 1 was eliminated, which left young Marzelline and Jacquino – Lillian Watson and Peter Straka, bright and appealing – with nothing to fix their characters but their innocent music, which therefore felt detached and stranded.

With Rydl's Rocco the loss was worse, but less grave. In dramatic terms Rocco is a *problem*, neither quite a plain, subservient villain nor, it seems, a decent man in a villain's thrall. Where in Salzburg Rydl had made powerful sense of him, and thus of his music, here he had only his disparate "numbers" to deliver – one after another, with his cheerfully venal "Gold" aria in the middle. On the other hand, Rydl boasts one of the biggest, firmest, most intelligent basses of the day: the voice had a full stamp of character, even if we didn't know exactly what that was.

Less lucky, Moser undertook Florestan's prison-aria in persuasive style, but in this unflattering hall his lightish tenor soon suggested that he was one of Nature's Jacquinos, too plaintive in passages of noble defiance, and with tight, thin tone in the heroic upper reaches. Covent Garden's Don Pizarro, Monte Pedersen, turned up here too, less effective without his acting-out – the role wants a bass-baritone gleam like hard mahogany. Dean Peterson's Don Fernando was of the same class, a creditable sketch without the right voice:that saviour-Minister should radiate unarguable authority, or generous vocal warmth, or ideally both.

Leonora was Luana DeVol, who after several years in provincial German opera houses has come to sudden prominence in this role. She is tall, sturdy and poised, and unstintingly dramatic in the right places: she knew how to invest "Abscheulicher!" with horrified contempt, and kept the dungeon-drama alive. On stage she must make an impact, but in concert there were undisguisable frailties in the voice – threadbare patches of tone, some gustiness, an unBeethovenian readiness to fall behind the beat when that was more comfortable. Maazel drew lithe, well-honed playing from the Philharmonia in Act 1, but disappointed in Act 2: too slick, and too simply loud. No less polished, the Philharmonia Chorus and the Ambrosian Singers were also genuinely stirring. For that relief, much thanks.

David Murray

The passions of Pine

GREAT THINGS have been expected of the young saxophonist since he crashed onto the UK jazz scene in the mid-1980s out of John Stevens' Freebop. It seems curious now that people were quite so impatient for the impetuous talent to mature. But it has, and, carried along by the well-sprung vehicle of the Ellis Marsalis Trio, touring the UK for the first time as part of the Ferguson Jazz series, Courtney Pine has arrived again.

Compared and contrasted variously with Coltrane and Rollins, the 26-year-old is credited with having revitalised jazz here, inspiring fellow black musicians to take a place in a predominantly white enclave. He formed the Jazz Warriors, an all-black big band, and, on its 1986 UK tour, joined the most revered school for young talent, Art Blakey's Jazz Messengers.

But although he has gigged and recordly busily since those heady days so far as his impatient public was concerned he had drawn in his horns. Thus, the collaboration with the New Orleans-based Marsalis Trio, which produced an album (Vision's Tale) last year, seemed to mark a new stage in his development.

So, looking just a little older and wiser, he played boisterous backseat driver at the Hackney Empire to Ellis Marsalis's repertoire of swinging standards. The trio is top class: the venerable pianist, father to Wynton and Branford, showed a clean and economical style to Chris Thomas's stout bass and wiry Brian Blade's taut drumming.

Good volume balance kept the sound swinging and Ellis's crafty but uncomplicated technique remained unhurried by Pine's still flighty playing. Blade and Thomas, likewise, remained on cruise control. But the foghorn honk of Pine's tenor was hugely appreciated and the second set showed that the passionate atonal wail is waiting to break out. The abandoned pedal-to-the-metal playing may have gone, but the passion of Pine's technique remains.

Garry Booth

Alastair Muir

'Five Guys Named Moe', favourable reviewed on this page, transferred to the Lyric, Shaftesbury Avenue last night

Records

In and out of period

THERE IS one area where the cold winds of recession have hardly begun to blow. In the classical record industry the climate has rarely seemed better, with young companies still growing up and the seeds being sown for whole catalogues of forthcoming recordings. There is a spring-like feel to all this activity, which will give way to wintry, downcast faces only if Christmas sales figures do not meet expectations.

In the meantime the range of discs being issued never ceases to amaze. Faced with a new set of Bach's keyboard concertos played on the piano, I thought it might be interesting to see if there were any comparative performances on CD. In these days of period instruments it seemed reasonable to assume that the harpsichord would have taken over completely; but not so. The choice is so wide that there are more recordings of Bach on the piano today than there were 30 years ago.

The greatest compliment one can pay András Schiff on his new set of the concertos, BWV 1052-8, is how natural he makes it seem to play Bach on a concert grand. There is no virtuoso attempt to mount the concertos as though they are romantic warhorses; nor is there any self-conscious attempt to ape the sound of the harpsichord. These are simply easy, unexaggerated, thoroughly musical performances.

What Schiff shows us is that theories about playing Bach on the piano are no match for just going out and making music. The outer movements scamper past without any feeling that the instrument is too cumbersome; the slow movements sing, as (admittedly) they never could have done on Bach's harpsichord. Even purists might want to investigate Schiff and his excellent supporters, the Chamber Orchestra of Europe.

By chance a couple of the same concertos turn up on a new disc from Ton Koopman and the Amsterdam Baroque Orchestra. This, of course, is "authentic" music-making at the sharp end with a small group of instrumentalists and Koopman playing a copy of a period harpsichord (and, in BWV 1059, the organ). The performances are exuberant and well-played: but it is Schiff who finds marvellous oases of calm among all those semiquavers and I suspect I shall be playing his CDs more often. At least now we have a wide choice.

A pair of new discs brings us two young British pianists trying their hand at the Brahms concertos. On EMI Peter Donohoe gives what is in many ways an impressive account of the First Concerto. At some of his recent concerts Donohoe has been tempted into hammering the music, so keen is he to be exciting. Here the playing is powerful certainly, clean, incisive in its attack, without being exaggeratedly so (indeed, one sometimes feels the pianist straining to let himself go). But he can seem at a loss for expression in reflective passages, where a more experienced Brahmsian would find depths in plenty. Yevgeny Svetlanov is the conductor, with the Philharmonia on just less than top form.

In his new disc of the Second Concerto Stephen Hough displays almost the opposite strengths and weaknesses. Where Donohoe would like to wield the bludgeon, Hough proves expert with the rapier. As always, there are some outstanding things in his playing, not least the sensitive shading of colours, the gossamer-like delicacy of touch; but these are qualities outside the central core of what this concerto is about. When one wants to feel classicism and romanticism fusing in a powerful surge of feelings, the performance all too often holds fire, especially in the orchestra. Nevertheless, the BBC Symphony under Andrew Davis does itself credit and the recording quality is excellent.

If you want to try something out of the way, there is a new recording of the Second Piano Concerto by Stenhammar. At first hearing this sounds little more than a watered down version of the Grieg and Rakhmaninov concertos that it most closely resembles (the first movement lingers in the foyer of the Mountain King). But there is a freshness and naivete about its lyricism that gives it its own flavour. Cristina Ortiz is the able soloist and Neeme Järvi leads the Gothenburg Symphony Orchestra.

Finally, an entertaining disc of Mozart concertos, featuring – successively – one, two and three pianos. Georg Solti is the dominant figure here, trying to wring so much intensity out of every note in his solo concerto (the D Minor, K.466) that he leaves the listener in a state of nervous exhaustion. In the double and triple concertos, though, his excesses are curbed once Daniel Barenboim and András Schiff are at his side, and the music gratefully takes wing. This is a novel way to hear two or three notable pianists for the price of one.

Richard Fairman

Bach: Keyboard Concertos BWV 1052-8. Schiff, Chamber Orchestra of Europe. Decca 425 676-2 (2 CDs)

Bach: Keyboard Concertos BWV 1052, 1057, 1059. Koopman, Amsterdam Baroque Orchestra. Erato 2292-45545-2

Brahms: Piano Concerto No 1. Piano pieces Op.118. Donohoe, The Philharmonia/Svetlanov. EMI 7 49934-2

Brahms: Piano Concerto No 2. Hough, BBC Symphony Orchestra/A. Davis. Virgin VC 7 91138-2

Stenhammar: Piano Concerto No 2; *Chitra* Incidental music. Ortiz, Gothenburg Symphony Orchestra/Järvi. BIS CD-476

Mozart: Concertos for one, two and three pianos K.466, K.365, K.242. Solti, Barenboim, Schiff, English Chamber Orchestra/Solti. Decca 430 232-2

Chess No. 851:
1 Ke7(threat 2 Nd6) exf4 2 Qc6, or f2 2 Bg2, or d4 2 Qc6. Other king moves can be defeated.

TELEVISION

SATURDAY

BBC1

7.00 Crystal Tipps And Alistair. 7.05 Janosch's Story Time. 7.20 Touche Turtle. 7.35 Babar. 8.00 Breakfast Serials. 8.35 Bravestarr. 9.00 Going Live! 12.12 Weather.

12.15 **Grandstand.** With Bob Wilson 12.20 Cricket. England v New Zealand. 12.30 Skiing. Men's Downhill Championship from Val Gardena. 12.50 Racing From Ascot 1.00 News 1.20 Racing 1.30 Show Jumping. Action from the Olympia Horse Show, London 1.55 Racing 2.05 Show Jumping 2.50 Rugby League 3.05 Tennis. Semi-final of the Grand Slam Cup from Munich 4.40 Final Score. (Timings subject to change).
5.05 **News; Weather.**
5.15 **Regional News And Sport.**
5.20 **The Flying Doctors.** Australian drama series about a flying doctor service. Disaster strikes Sam and Emma when she miscarries their much-wanted baby. George Baxter tries to get his hands on Ann's property and Chris takes Geoff up in her Tiger Moth.
6.05 **The Noel Edmonds Saturday Roadshow.**
6.50 **Every Second Counts.**
7.25 **Challenge Anneka.**
8.15 **Film: Ferris Bueller's Day Off (1986).** Hilarious misadventures of Matthew Broderick's truanting schoolboy, who borrows a prized Ferrari belonging to the father of his best friend and takes the latter plus girlfriend on a whirlwind tour of Chicago, while his suspicious headmaster and jealous sister contrive to blow his cover. With Alan Ruck, Jennifer Gray and Charlie Sheen. Written and directed by John Hughes.
9.55 **News And Sport; Weather.**
10.15 **Show Jumping.** David Vine introduces action from the Modern Alarms Christmas Puissance competition at the Grand Hall, Olympia.
11.15 **Film: Day Of The Triffids (1963).** An American naval officer recovers from an eye operation in London to discover that most of the Earth's population has been blinded by a shower of meteorites. But blindness is not the only threat to the future of the world — with the meteorites has come a huge and deadly species of intelligent plant life. With Howard Keel and Janette Scott.
12.50 **Weather.**

BBC2

9.00 Film: Le Mans (1971). 10.45 The Sky At Night. 11.05 Pitfalls Of A Sporting Life. 11.20 Balloon. 11.50 The Honeymooners. 12.15 Film: The Day They Gave Babies Away (1957). 1.55 Discoveries Underwater. 2.45 Mahabharat.

3.25 **Isaac In America.** Isaac Bashevis, the Nobel prize-winning writer, takes a journey through his past.
4.20 **Animation Now.**
4.40 **Tennis.** Barry Davies introduces semi-final action from the Grand Slam Cup at Munich.
5.55 **Cricket.** Richie Benaud introduces highlights of England v New Zealand at Brisbane.
6.40 **Newsview.**
7.25 **Sleepwalking To War?** John Tusa hosts a discussion about the inevitability of war with Iraq.
8.15 **Arena.** Food Night. An entire evening looking at one of the most universal and popular subjects food. Hosted by Spitting Image's Meat and Two Veg from their kitchen.
8.20 **Modern Food.**
8.30 **Great Moments In Food History.**
8.35 **The Story Of Food In 27 Minutes And 43 Seconds.** The part that food has played in religion, politics, science and war.
9.00 **Good Manners.** A look some great eating sequences from the silver screen including Five Easy Pieces, Tampopo and Oliver Twist.
9.15 **What's Kosher?**
9.25 **The Last Supper.** Looks at how food is used as a consolation and a last rite for those condemned to death.
9.55 **The Complete History Of The Potato.**
10.20 **I Just Happen To Have One Here I Made Earlier.** A selection of clips of some of the most famous TV cooks, including Fanny Cradock, Zena Skinner and Delia Smith.
10.30 **Movable Feast The Politics Of Disgust.** Explorer Christina Dodwell, body builder Bernie Price, writer Sophie Grigson and chef Mel Rumbles take a look at some of the dishes no-one wants to eat.
11.10 **Eating For One.**
11.30 **Fasting And Abstinence.**
11.40 **Debate.** Glenys Kinnock, economist Lord Peter Bauer and Third World campaigner Susan George join a panel of distinguished guests to discuss how the world should feed itself.
12.45 **Film: Tampopo (1986).** Juzo Itami's satirical foodie movie.

LWT

6.00 TV-Am. 9.25 Motormouth. 11.30 The ITV Chart Show. 12.30 Posh Frocks And New Trousers.

1.00 **ITN News.** Followed by ITV National Weather.
1.05 **LWT News.** With Anna Maria Ashe and LWT Weather.
1.10 **Saint & Greavsie.** Ian St John and Jimmy Greaves preview this weekend's sporting action.
1.40 **Sportsmasters.** First Semi-Final. The climax of the marathon quiz is in sight as the contestants bid for a place in the Grand Final. Dickie Davies is the questionmaster.
2.10 **Rags To Riches.** More drama with millionaire Nick Foley, Joe Bologna and five orphan girls he adopts.
3.05 **Snooker.** The World Matchplay Championship. Further coverage of the tournament from the Brentwood Centre, Essex, featuring the world's top players battling it out for total prize money of 250,000, with the winner collecting 100,000. Presented by Tony Francis with commentary from John Pulman, Rex Williams, Mark Wildman and Dennis Taylor.
4.45 **Results Service.** Today's sporting headlines and scores, with Elton Welsby.
5.00 **ITN News.**
5.05 **LWT News.**
5.15 **Cartoon Time.**
5.30 **The New Adventures Of Black Beauty.**
6.00 **Catchphrase.**
6.30 **Blind Date.**
7.30 **Beadle's About.**
8.00 **Film: The Man With One Red Shoe (1985).** Romantic comedy about an innocent musician who gets caught up in a bizarre conspiracy. He is bugged, shadowed and almost wiped out by government agents, while remaining blithely unaware that anything is wrong. Stars Tom Hanks, Lori Singer, Jim Belushi and Carrie Fisher.
9.45 **ITN News And Sport.** Followed by ITV National Weather.
10.00 **LWT Weather.**
10.05 **A Night On Mount Edna.** Join Dame Edna Everage and her megastar chalet guests in Switzerland for an evening of fondue and fun. Appearing are Gina Lollobrigida, Charlton Heston, Julio Iglesias and Mel Gibson.
11.05 **Snooker.**
12.30 **Terence Higgins Trust Concert.**

CHANNEL4

6.00 Comic Book. 7.30 News Summary. 7.35 International Times. 8.00 Transworld Sport. 9.00 News Summary. 9.03 Channel 4 Racing: The Morning Line. 9.25 Sing And Swing. 9.30 Same Difference. 10.00 To Norway Home Of Giants. 10.30 Film: The Courtship Of Andy Hardy (1942).

12.15 **The Dingles.** Canadian animation about cats.
12.30 **American Football Red 42.** A repeat of yesterday's weekly magazine programme with Mick Luckhurst and Gary Imlach.
1.00 **Two Men In A Marsh.** The late Malcolm Muggeridge and poet, folk singer and modern hymn composer Sydney Carter discuss the changing face of Christianity in this programme filmed at Romney Marsh in 1987.
2.00 **Film: Major Barbara (1941).** A week-long Rex Harrison season begins with this film of George Bernard Shaw's social comedy starring Wendy Hiller as the daughter of an armaments tycoon who joins the Salvation Army and is romantically pursued by a Greek professor, played by Harrison, with startling results. With Robert Morley, Deborah Kerr, Robert Newton and Emlyn Williams. (B/W)
4.30 **Film: The Idle Class (1921).** Charlie Chaplin directs and stars in one of his most memorable short films.
5.10 **Brookside Omnibus.**
6.30 **Right To Reply.**
7.00 **The World This Week.** Presented by Sheena Mcdonald and Michael Nicholson. Followed by Weather.
8.00 **Adventures: A Fare To Remember.** Two City of London bankers, Edward Ned Kelly and John Morgan, take the longest London taxi ride in history from London to Sydney, with cabbie Guy Smith at the wheel, running up a fare of 31,000.
9.00 **LA Law.**
10.00 **Film: 1900 (1976).** Part One. Bernardo Bertolucci's epic masterpiece (part two is screened next Saturday) which delineates Italian history from 1900 to 1945 through the lives and experiences of two friends, Robert De Niro and Gerard Depardieu, who grew up together. Featuring Burt Lancaster, Dominique Sanda, Stirling Hayden, Donald Sutherland And Stefania Sandrelli. (With English subtitles).
1.00 **The Week With Jonathan Ross.**

REGIONS

S4C AS CHANNEL 4 EXCEPT
8:00 Early Morning. 10:00 Owl TV. 10:30 Hard News. 11:00 Sufism. 11:30 Views Of Kew. 12:30 Jonathan Ross. 1:00 Four Nations UK. 1:30 Film: A Cry From The Streets. 3:20 Canyon Consort. 4:20 Without Walls. 5:10 Brookside. 8:30 Newyddion/News. 8:40 Teulu'r Mans. 7:10 Cyfle Byw. 8:10 Y Maes Chwarae. 9:10 Film: My Boyfriend's Back. 10:55 Menuhin — A Family Portrait.
IBA Regions as London except at the following times:

ANGLIA
1:05 Anglia News. 2:10 The A-Team. 5:05 Anglia News.

BORDER
1:05 Border News. 2:10 The Spectacular World Of Guinness Records. 2:40 Katts and Dog. 5:10 Border News.

CENTRAL
1:05 Central News. 2:10 Coronation Street. 5:10 Central News.

CHANNEL
12.30 Art Attack. 12:50 Porky Pig. 1:05 Diary Dates. 2:10 Hard Time On Planet Earth. 5:10 Channel News.

GRAMPIAN
12:30 Am Fasach. 1:05 Grampian Headlines. 2:10 Coronation Street. 4:45 Scotsport Results. 5:10 Criomagan.

GRANADA
12:30 Here Come The Double Deckers. 12:50 The 2,000 Old Mouse. 1:05 Granada News. 2:10 Mac. 5:10 Granada News.

HTV WEST
12:30 Here Come The Double Deckers. 1:05 HTV News. 2:10 Coronation Street. 5:10 HTV News.

HTV Wales as HTV.
SCOTTISH 12:30 Nb. 1:05 Scotland Today. 2:10 Coronation Street. 4:45 Scotsport Results. 5:10 Scotland Today.

TSW
12:30 The South West Week. 1:05 TSW News. 2:10 Coronation Street. 5:05 TSW News And Sport. 5:10 Gus Honeybun's Magic Birthdays.

TVS
12:30 Art Attack. 12:50 Cartoon Time. 1:05 TVS News. 2:10 Hard Time On Planet Earth. 5:10 TVS News.

TYNE TEES
12:30 Posh Frocks And New Trousers. 1:05 Regional News. 2:10 Coronation Street. 5:10 Northern Life — Saturday Special.

ULSTER
12:30 Cinemattractions. 1:05 Ulster Newstime. 2:10 The A-Team. 5:10 Ulster Newstime. 10:00 Ulster Newstime.

YORKSHIRE
12:30 The World Of Golf. 1:05 Calendar News. 2:10 Coronation Street. 5:05 Calendar News.

SUNDAY

BBC1

8.45 Through The Garden Gate. 9.15 Celtic Quest. 10.00 Where On Earth Are We Going? Industrial Futures. Jonathon Porritt discusses the need for industry to clean up its act and looks at some of the steps being taken in the US with Sir Peter Parker, Chairman of Rock Ware Glass, Labour's environment spokesman Bryan Gould, and Peter Morgan, of the Institute of Directors.

10.50 **You Are What You Eat.**
11.00 **A Way With Numbers.**
11.25 **Help Your Child With Reading.**
11.40 **See Hear!**
12.30 **Country File.**
1.00 **News; The 100th Royal Tournament.** Highlights of this year's military spectacular held at Earl's Court, London.
2.00 **Eastenders.**
3.00 **Film: The Muppets Take Manhattan (1984).**
4.30 **Show Jumping.**
5.15 **Schofield's Europe.** Phillip Schofield with a fast-moving and entertaining look at life across Europe. This week in Athens he meets Greece's favourite comedian Harry Klynn, finds out why basketball star Nicos Galis is called the Greek God and talks to singing star Dalaras who has revived traditional rebetika music with great success.
5.45 **The Chronicles Of Narnia.**
6.15 **Lifeline.** Richard Briers appeals on behalf of St Botolph's Rehabilitation Centre in London.
6.25 **News; Weather.**
6.40 **Songs Of Praise.**
7.15 **You Rang M'lord?**
8.05 **Sports Review Of The Year.** Desmond Lynam and Steve Rider host the live gala celebrating sporting achievement at the Queen Elizabeth II Conference Centre in London.
9.45 **News; Weather.**
10.00 **In Sickness and In Health.**
10.30 **Everyman.** Scenes after a Revolution. One year after the overthrow of Romanian dictator Nicolae Ceausescu, Everyman returns to the towns and villages of Transylvania to capture the changing moods which followed the euphoria of the revolution.
11.20 **Clean Slate.** Jackie Spreckley introduces the education magazine, including a report on the unpopularity of science among pupils and the shortage of science teachers in our schools.
11.50 **Show Jumping.** Further coverage from the Grand Hall, Olympia.
12.50 **Mahabharat.**

BBC2

7.30 Children's BBC Two. 7.35 Playdays. 7.55 Is That A Fact? 8.10 Pinocchio. 8.30 Movable Feasts. 8.45 Litt'l Bits. 9.10 Corners. 9.30 Dungeons And Dragons. 9.55 Blue Peter Omnibus. 10.40 Maid Marian And Her Merry Men. 11.10 Boxpops. 11.50 The O-Zone. 12.00 Regional Reviews Of The Parliamentary Week. 12.30 Scrutiny. 1.00 Cricket. 1.50 Tennis.

5.00 **Rugby Special.** Chris Rea introduces highlights of London v South-West and North v Midlands in the final matches of the ADT Divisional Championship.
6.00 **Ski Sunday.** Introduced by David Vine. Featuring the men's downhill from Val Gardena in the Italian Dolomites.
6.35 **The Money Programme.** The top stories from the worlds of business, finance and economics.
7.15 **The Trials Of Life.** Courting. David Attenborough looks at some of the ploys adopted by birds and animals to attract a mate. For males, technique is all-important when it comes to impressing the ladies, while females have to pick the very best to ensure their young will be well provided for.
8.05 **Screenplay: Shoot The Revolution.** Peter Flannery's compelling drama, shown to mark the first anniversary of the Romanian revolution, draws on the powerful testimony of a people who had been living under an oppressive dictatorship, together with news footage of the time. Bob Peck and Bernard Hill star as brothers on either side of the bitter political conflict.
9.35 **Christmas On Two.** A look ahead to the best of the season's films, art and entertainment on BBC2.
9.45 **Film: Frances (1982).** Jessica Lange stars in the powerful, true-life story of 1930s movie actress Frances Farmer, driven by a chain of apparently insignificant events from the road to stardom into a mental institution. With Sam Shepard. Directed by Graeme Clifford.
12.00 **Dance Energy.** Up-to-the-minute magazine programme focussing on the dance scene in the UK presented by Normski.
12.40 **Rapido.** Antoine de Caunes presents the fast-moving rock-music show which takes in movies, fashion and design.

LWT

6.00 TV-Am. 9.25 The Disney Club. 10.45 Link. 11.00 Advent Meditation. 12.00 The Human Factor. 12.30 LWT News Weekend.

1.00 **ITN News.** Followed by ITV National Weather.
1.10 **Film: The Reluctant Dragon (1941).** Disney cartoon featurette, introducing a small boy who makes friends with a lovable dragon, and together they embark on a series of exciting adventures.
1.35 **The Life And Times Of Grizzly Adams.** Once Upon A Starry Night. A Christmas adventure for Grizzly Adams and friends set in the then isolated mountains of America.
2.55 **The Match.** Leeds United v Everton. Elton Welsby hosts the programme, live from Elland Road where Leeds United, back in the First Division this season, take on Everton who are hoping for a good result with the return of manager, Howard Kendall. Commentator is Brian Moore.
5.05 **Sunday Sunday.**
6.00 **Bullseye.**
6.30 **ITN News.** Followed by ITV National Weather.
6.35 **LWT News.** With Anna Maria Ashe and LWT Weather.
6.40 **Highway.**
7.15 **You've Been Framed.** Jeremy Beadle introduces the home video show with a selection of your funniest films.
7.45 **The British Comedy Awards 1990.** Join presenter Michael Parkinson and a galaxy of comedy stars at the London Palladium at the first British Comedy Awards. The evening of fun, laughter and nostalgia celebrates achievements in the world of comedy over the last 12 months.
9.45 **ITN News.** Followed by ITV National Weather.
10.00 **LWT Weather.**
10.05 **Spitting Image.** More lampooning with the latex puppets.
10.35 **The LWT London Lecture.** Does London Need To Be Governed? The lecture is given by Sir Ralf Dahrendorf, Warden Of St Antony's College, Oxford.
11.20 **Film: The File Of The Golden Goose (1969).** Thriller where an American agent works with Scotland Yard to track down a ruthless gang of counterfeiters. Starring Yul Brynner and Charles Gray. Followed by ITN News Headlines.

CHANNEL4

6.00 Transworld Sport. 7.00 Pet World. 7.30 Once Upon A Time. 8.00 Dennis. 8.30 Bobobobs. 9.00 Early Bird. 9.25 Orientations. 10.00 A Week In Politics. 10.45 Dennis. 11.00 The Story Of The Dancing Frog. 11.30 Grim Tales. 11.45 The Astrology Show.

12.00 **The Waltons.**
1.00 **Voyage To The Bottom Of The Sea.** (B/W)
2.00 **The Thatcher Factor.** Hugo Young presents this abridged and updated version, in a single programme, of a four-part series shown in 1989 to commemorate Mrs Thatcher's 10 years in power.
4.40 **Answering Back.** Today, Mary Goldring conducts another in-depth interview with a senior figure in the worlds of business, politics and finance. Today, in the last programme of the current series, she talks to Robin Leigh-Pemberton, Governor of the Bank of England.
5.25 **News Summary and Weather.**
5.30 **Road to Avonlea.**
6.30 **The Cosby Show.**
7.00 **Equinox: School's Out.** The season of science and technology programmes continues with this documentary offering a provocative and visionary look at the ways in which children learn through the use of computers in the classroom.
8.00 **American Football.**
9.30 **Una Stravaganza dei Medici.** Winner of the 1990 Prix Italia Special prize, this ambitious classical music TV production, aided by the latest 20th-century technology, recreates the lavish and extraordinary spectacle of the Florentine Intermedi of 1589 to celebrate the marriage between the Grand Duke of Tuscany, Ferdinando de Medici and the French Princess, Christine of Lorraine.
10.55 **Film: Subway.** (1985) The short European cinema season continues with Luc Besson's quirky, original and stylish romantic film starring Christopher Lambert as a criminal who lures a crooked wife into the bizarre, surreal world of the tunnels of the Paris Metro.

REGIONS

S4C AS CHANNEL4 EXCEPT
12:55 Now You're Talking. 1:20 O Bedwar Ban. 1:30 Bwrw Mlaen. 2:00 Equinox. 3:00 Adventures. 4:00 Film: The Marx Brothers Go West. 5:30 Road To Avonlea. 6:30 Grim Tales. 6:45 San Steffan. 7:10 Gwynfryn. 8:00 Hel Straeon. 8:30 Dechrau Canu, Dechrau Canmol. 9:00 Anest. 9:50 American Football.
IBA Regions as London except at the following times:
ANGLIA
12:30 Farming Diary. 5:05 Highway To Heaven. 10:35 The Tenor Man's Story. 11:35 Prisoner: Cell Block H.
BORDER
12:30 Gardening Time. 1:10 War Of The Monster Trucks. 2:00 Coronation Street. 5:00 Scotsport. 10:35 In Concert. 11:30 Prisoner Cell Block H.
CENTRAL
12:30 Gardening Time. 5:05 Bullseye. 5:35 The A-Team. 10:35 Prisoner: Cell Block H. 11:30 Film: Strike Force.
CHANNEL
12:30 Reflections. 12:35 Les Francais Chez-Vous. 12:50 Tele-Jornal. 1:30 Hillary's Adventurers. 2:00 Katts And Dog. 2:25 Ski Tips. 5:05 The A-Team. 10:35 The Human Factor. 11:05 The New Avengers. 12:05 The ITV Chart Show.
GRAMPIAN
12:00 The Human Factor. 12:30 Jack Thompson Down Under. 12:55 Grampian Headlines. 3:00 Highway To Heaven. 4:00 Ski Tips. 4:30 Bullseye. 5:05 Scotsport. 6:00 Scotland's Larder. 10:35 Country In Concert. 11:30 Prisoner: Cell Block H.
GRANADA
12:30 Granada This Week. 5:05 Bullseye. 5:35 Coronation Street.
11:30 Prisoner: Cell Block H.
HTV WEST
12:30 The Spectacular World Of Guinness. 1:10 Film: Barricade. 5:05 Highway To Heaven. 10:35 Ending Up.
HTV Wales as HTV West except
12:30 Hurray For Today Usa. 2:30 Wales On Sunday.
SCOTTISH
12:30 Far Na Duilleig. 12:55 Scotland Today. 1:10 The Love Boat. 2:00 Scottish Supplement. 2:30 The Spectacular World Of Guinness Records. 3:00 Film: The Bishop's Wife. 5:05 Scotsport. 6:00 Book Now For Christmas. 6:35 Scotland Today. 10:35 Nb Special. 11:35 Education Debate.
TSW
12:30 Farming News. 1:35 Katts And Dog. 2:00 County Rugby. 5:05 The A-Team. 10:35 Film: Twinky.
TVS
12:30 Agenda. 1:30 Hillary's Adventurers. 2:00 Katts And Dog. 2:25 Ski Tips. 5:05 The A-Team. 10:35 The Human Factor. 11:35 The New Avengers.
TYNE TEES
12:25 Wanted Dead Or Alive. 1:10 The Back Page. 5:05 Who's The Boss? 5:30 Music Appeals With Thomas Allen. 6:35 Regional News. 10:35 The Tunnel. 11:25 The Silk Road.
ULSTER
12:30 Gardening Time. 1:10 Killarney Rally. 1:55 Money Talks. 2:25 Bullseye. 5:05 Highdays And Holidays - Happy Christmas. 5:35 Coronation Street. 10:00 Ulster Sports Results. 10:35 The Installation Of Bishop Canal Daly. 11:35 Prisoner: Cell Block H.

RADIO

SATURDAY

BBC RADIO 2
4:00 Dave Bussey. 6:00 Graham Knight. 8:05 Ronnie Hilton. 8:00 Brian Matthew. 10:00 Anne Robinson. 12:00 Gerald Harper. 1:30 Pull The Other One. 2:00 Robin Ray On Record. 3:00 Marian Foster. 4:45 Arnold Loxam. 5:00 Cinema 2. 5:30 The Movie Quiz. 6:00 Country Greats In Concert. 7:00 The Abc Quiz. 7:30 Saturday Gala Night. 9:30 Easy Does It. 10:00 The Radio 2 Arts Programme. 12:05 Cinema 2. 12:30 Pop Score. 1:00 Charles Nove.

BBC RADIO 3
6:55 Weather And News Headlines. 7:00 Morning Concert. 8:30 News. 8:35 BBC Scottish Symphony Orchestra. 9:30 Saturday Review. 12:05 Words. 1:00 News. 1:05 Piano Trios. 2:05 BBC Welsh Symphony Orchestra In Berlin. 3:45 Spanish Rhapsody. 4:00 Tuning Up. 5:00 Jazz Record Requests. 5:45 Third Opinion. 6:30 Mozart And Brahms. 7:00 Pelleas Und Melisande. 10:15 Issues. 11:00 Scottish Chamber Orchestra.

BBC RADIO 4
5:55 Shipping Forecast. 6:00 News Briefing; Weather. 6:10 The Farming Week. 6:50 Prayer For The Day. 7:00 Today. 9:00 News. 9:05 Sport On 4. 9:30 Breakaway. 10:00 News; Loose Ends. 11:00 News; The Week In Westminster. 11:30 Europhile. 12:00 Honey Box. 12:25 I'm Sorry, I Haven't A Clue. 12:55 Weather. 1:00 News. 1:10 Any Questions?. 1:55 Shipping Forecast. 2:00 News; Any Answers?. 2:30 Saturday Playhouse. 4:00 News; Grand Tour. 4:30 Science Now. 5:00 Staying On. 5:25 Week Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News; Sports Round-Up. 6:25 Citizens. 7:10 Stop The Week. 7:45 Classic Serial: The Forsyte Chronicles. 8:45 Conversation Piece. 9:10 Music In Mind. 9:50 Ten To Ten. 9:59 Weather. 10:00 News. 10:15 Open Mind. 10:45 Pen To Paper. 11:00 Richard Baker Compares Notes. 11:30 Steve Ross In Cabaret. 12:00 News.

BBC RADIO 5
6:00 World Service. 6:30 Morning Edition. 9:02 On Your Marks. 12:00 News. Sport On 4 Plus 1. 1:30 Sport On 5. 5:00 Sports Report. 6:00 As Radio 4. 10:00 Sport. 10:15 As Radio 4. 11:00 Sport. 11:10 World Service. 12:00 News And Sport.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times GMT: 5:00 German Features. 5:35 News In German. 5:47 Press Review. 5:52 Financial News. 5:56 Weather And Travel News. 6:00 Newsdesk. 6:30 Londres Matin. 6:59 Weather. 7:00 World News. 7:09 Twenty-Four Hours/News Summary. 7:30 From The Weeklies. 7:45 Instruments Of The Orchestra. 8:00 World News. 8:09 Words Of Faith. 8:15 A Jolly Good Show. 9:00 World News. 9:09 Review Of The British Press. 9:15 The World Today. 9:30 Financial News. 9:39 Sports Roundup. 9:45 Network Uk. 10:00 News Summary. 10:01 Here's Humph!. 10:15 Letter From America. 10:30 People And Politics. 11:00 World News. 11:09 News About Britain. 11:15 Club 648. 11:30 Midi Magazine. 11:50 Travel News. 12:00 Newsdesk. 12:15 Multitrack 3. 12:45 Sports Roundup. 1:00 World News. 1:09 Twenty-Four Hours/News Summary. 1:30 Network Uk. 1:45 Good Books. 2:00 News Summary. 2:01 John Peel. 2:30 Sportsworld. 3:00 Newsreel. 3:15 Sportsworld Cont'd. 4:00 World News. 4:09 News About Britain. 4:15 BBC English. 4:30 News And Features. 4:58 Travel News. 5:00 News Summary. 5:01 Sportsworld: Final Results. 5:30 Londres Soir. 6:14 News Headlines In English. 6:15 BBC English. 6:30 Heute Aktuell. 7:00 German Features. 7:54 News In German. 8:00 World News. 8:09 Society Today. 8:25 Words Of Faith. 8:30 Meridian. 9:00 News Summary. 9:01 Sports Roundup. 9:15 Short Story: The Ethical Terrorist. 9:30 From Our Own Correspondent. 9:50 Write On... 10:00 News Hour. 11:00 World News. 11:05 Words Of Faith. 11:10 Book Choice. 11:15 A Jolly Good Show. 12:00 Newsdesk. 12:30 The Ken Bruce Show. 1:00 News Summary. 1:01 Play Of The Week: The White Carnation. 2:00 World News. 2:09 Review Of The British Press. 2:15 They Made Our World. 2:25 Book Choice. 2:30 The Making Of The Middle East. 3:00 World News. 3:09 News About Britain. 3:15 Society Today. 3:30 From Our Own Correspondent. 3:50 Write On... 4:00 Newsdesk.

SUNDAY

BBC RADIO 2
4:00 David Allan. 6:00 Graham Knight. 7:30 Don Maclean. 9:05 Richard Baker. 11:00 Desmond Carrington. 2:00 Benny Green. 3:00 Alan Dell. 4:00 The Radio Orchestra Salutes. 4:30 Sing Something Simple. 5:00 Charlie Chester. 7:00 The Musical World Of John Brecknock. 8:00 Juan Martin. 8:30 Sunday Half-Hour. 9:00 Alan Keith. 10:00 Radio 2 Arts Programme. 12:05 Robin Ray On Record. 1:00 Charles Nove.

BBC RADIO 3
6:55 Weather. 7:00 Morning Concert. 8:30 News. 8:35 Cantatas In Contrast. 9:15 A Serious Matter. 10:15 Music Weekly. 11:00 Missa Solemnis. 12:45 Table Talk. 1:00 News. 1:05 Your Concert Choice. 2:30 Chamber Music From Birmingham. 3:40 Poet Of The Month. 3:50 BBC Philharmonic Orchestra. 5:00 Listening To... Maxwell Davies. 6:00 Sequence For Advent. 7:00 Strains From Moravia. 7:30 Sunday Play. 9:15 Live At The Barbican. 11:15 Schumann And Chopin.

BBC RADIO 4
5:55 Shipping Forecast. 6:00 News Briefing; Weather. 6:10 Prelude. 6:30 News; Morning Has Broken. 6:55 Weather. 7:00 News. 7:10 Sunday Papers. 7:15 On Your Farm. 7:40 Sunday. 8:50 Appeal. 8:55 Weather. 9:00 News. 9:10 Sunday Papers. 9:15 Letter From America. 9:30 Morning Service. 10:15 The Archers. 11:15 News Stand. 11:30 Pick Of The Week. 12:15 Desert Island Discs. 12:55 Weather. 1:00 The World This Weekend. 1:55 Shipping Forecast. 2:00 Gardeners' Question Time. 2:30 Sunday Playhouse. 3:30 The Radio Programme. 4:00 News; Analysis. 4:47 Time For Verse. 5:00 News; Down Your Way. 5:40 Smith On Old Age. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News. 6:15 Let It Be Sardinia!. 6:30 Europhile. 7:00 The Root Of The Matter. 7:30 Bookshelf. 8:00 Punters. 8:30 Reading Aloud. 8:45 Treasure Islands. 9:15 The Natural History Programme. 10:00 News. 10:15 Arthur The King. 11:00 In Committee. 11:45 Seeds Of Faith. 12:00 News. 12:33 Shipping Forecast.

BBC RADIO 5
6:00 World Service. 7:30 Sunday Edition. 9:02 This Family Business. 10:30 Education Matters. 11:00 Soundwaves. 11:30 Talking Poetry. 12:00 Sport. 12:15 Desert Island Discs. 1:03 French for beginners. 1:30 Espana Viva. 2:00 Sport. 2:03 As Radio 2. 3:00 Sunday Sport Extra. 5:00 Sport. 5:02 As Radio 4. 5:40 Open University. 6:00 Sport. 6:10 Open University. 6:30 As Radio 4. 7:00 As Radio 1. 9:00 Nightbeat. 9:30 Across The Line. 11:00 Sport. 11:05 World Service. 12:00 Sport.

WORLD SERVICE
BBC for Europe can be received in Western Europe on Medium Wave 648 kHz (463m) at the following times GMT: 6:00 Newsdesk. 6:30 Londres Matin. 6:59 Weather. 7:00 World News. 7:09 Twentyfour Hours/News Summary. 7:30 From Our Own Correspondent. 7:50 Write On... 8:00 World News. 8:09 Words Of Faith. 8:15 Music For A While With Richard Baker. 9:00 World News. 9:09 Review Of The British Press. 9:15 The Learning World. 9:30 Financial Review. 9:40 Book Choice. 9:45 Society Today. 10:00 News Summary. 10:01 Science In Action. 10:30 In Praise Of God. 11:00 World News. 11:20 Midi Magazine. 11:50 Travel News. 12:00 News Summary. 12:01 Play Of The Week: The White Carnation. 1:00 News And Twenty-Four Hours On Sunday. 1:45 Sports Roundup. 2:00 News Summary. 2:01 Diamonds Are A Girl's Best Friend. 2:30 Anything Goes. 3:00 Newsreel. 3:15 Concert Hall. 4:00 World News. 4:09 News About Britain. 4:15 BBC English. 4:30 News And Features In German. 4:59 Travel News. 5:00 World News. 5:09 Book Choice. 5:15 Club 648. 5:30 Londres Soir. 6:14 News Headlines In English. 6:15 BBC English. 6:30 News And Features In German. 7:54 News In German. 8:00 World News. 8:09 Personal View. 8:25 Words Of Faith. 8:30 Hoax. 9:00 News Summary. 9:01 Sports Roundup. 9:15 Music For A While With Richard Baker. 10:00 Newshour. 11:00 World News. 11:05 Words Of Faith. 11:10 Book Choice. 11:15 Letter From America. 11:30 Diamonds Are A Girl's Best Friend. 12:00 Newsdesk.

CHESS

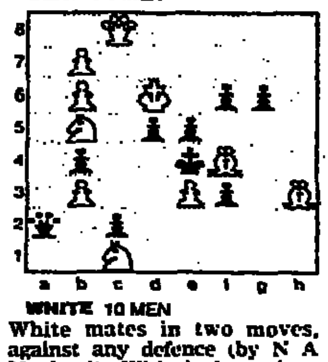
GARY KASPAROV and Anatoly Karpov have now been playing for more than two months in their fifth and possibly final match for the world championship. The leisurely schedule of their $3m, 24-game series could easily bring a conclusion on Christmas Eve or Day. Kasparov led 9½-8½ with six games left on Wednesday, and since he can keep his title with a tied series Karpov's chances look slim. There were 13 draws in the first 15 games, then the next three were all decisive. Although Karpov trails, he has gained admirers for his resilient defence and has won the best game.

Kasparov makes no obvious error, but Karpov uses his central pawn to create decisive invasion squares for his queen and rook (Karpov, White; Kasparov, Black; Game 17).

1 d4 Nf6 2 c4 g6 3 Nc3 d5 4 cxd5 Nxd5 5 e4 Nxc3 6 bxc3 Bg7 7 Be3 c5 8 Qd2 0-0 9 Nf3 Bg4. In an earlier game Kasparov went Qa5 but also had the worst of the opening. 10 Ng5 cxd4 11 cxd4 Nc6 12 h3 Bd7 13 Rb1 Rc8 14 Nf3 Na5 15 Bd3 Be6 16 0-0 Bc4 17 Rfd1 b5 18 Bg5 a6 19 Rbc1 Bxd3? Loss of time; more flexible is Re8.

20 Rxc8 Qxc8 21 Qxd3 Re8 22 Rc1 Qb7 23 d5 Nc4 24 Nd2 Nxd2 25 Bxd2 Rc8 26 Rc6! Black wants to exchange rooks with an easy draw, but Karpov's clever tactics control the only open file. Rxc6 27 dxc6 Qxc6 fails to 28 Qd8+ Bf8 29 Bh6 and mates. Be5 27 Bc3 Bb8 28 Qd4 f6 29 Ba5 Bd6 30 Qc3 Re8 31 a3 Kg7 32 g3 Be5. Kasparov can do nothing constructive. 33 Qc5 h5 34 Bc7 Ba1 35 Bf4 Qd7 36 Rc7 Qd8 37 d6 g5 38 d7 Rf8 39 Bd2 Be5 40 Rb7 Resigns. The threat is 41 Ba5 Qxa5 42 Qxe7+. If Black prevents this by Kf7, White wins by Be3,Qc6 and Bb6 when the pawn queens.

BLACK 9 MEN



WHITE 10 MEN

White mates in two moves, against any defence (by N A Macleod). White's key piece has a choice of six squares, of which five have hidden snags.

Solution Page XX

Leonard Barden

BRIDGE

My first hand is from pairs. Dealer, South EW game:

N
♠ -
♥ A J 4 3 2
♦ K 9 4
♣ K 8 6 5 4

W
♠ 5 4 2
♥ K 9 8 5
♦ 10 6 3 2
♣ 7 3

E
♠ A Q 10 9 8 7
♥ Q 7 6
♦ A Q 8 7
♣ -

S
♠ K J 6 3
♥ 10
♦ J 5
♣ A Q J 10 9 2

S opened with 1♣, N replied with 1♥, E showed a strong hand with 2♠, the opener made a somewhat dubious rebid of 3♣, and N's jump to 6♣ ended the auction.

W led ♠5. Ruffing in dummy, declarer cashed ♥A – that suit must be developed, since E surely held the ♦A. Ruffing ♥2 with his ♣9, S returned ♣Q, overtook with ♣K, and ruffed ♥3. Crossing to ♣8, S ruffed ♥4 in hand, and ♣3 in dummy. Discarding his ♦5 on ♥J, now good, declarer returned ♦4. E won with ♦Q, and was endplayed. A spade return would set up S's ♠K, a diamond would set up the ♦K in dummy. The declarer's perfect play had delivered the ambitious slam.

Now rubber bridge. Dealer, South, NS game:

N
♠ Q 10 9 7 6
♥ A 3
♦ 8 4 3
♣ 7 5 2

W
♠ 4 3
♥ 7 5 2
♦ J 6 5
♣ Q J 10 9 3

E
♠ A 8 5 2
♥ K 8 4
♦ K Q 7
♣ 8 6 4

S
♠ K J
♥ Q J 10 9 6
♦ A 10 9 2
♣ A K

South bid 1♥, N responded 1♠, S rebid 3NT, and all passed.

W led ♣Q. Winning with ♣K, S cashed ♠K and ♠J, playing dummy's ♠6 and ♠7. E smugly withheld his ace, S turned to hearts, cashing dummy's ♥A and playing ♥3. E won, and returned ♣8, but too late. S cashed his heart winners and ♦A for contract.

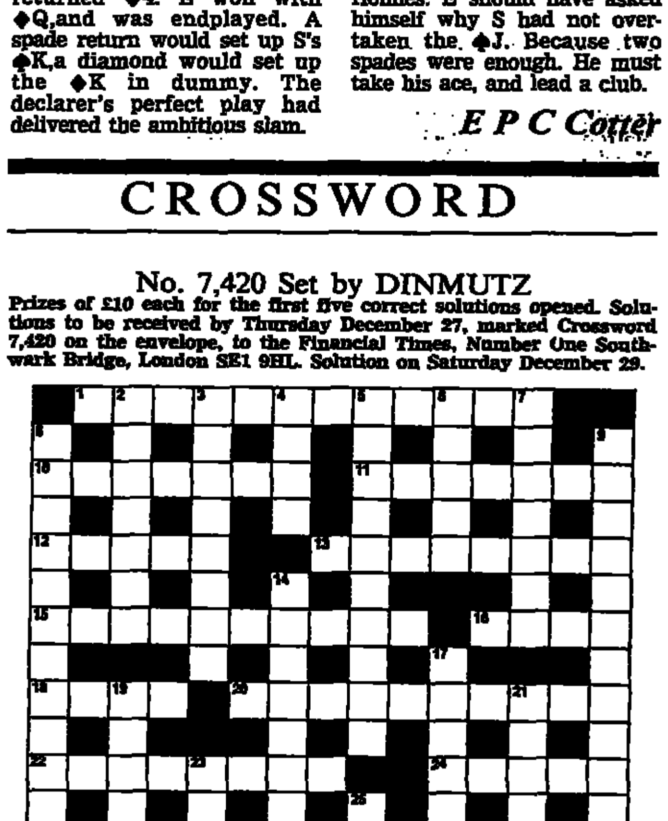
Holmes told Watson to observe the curious incident of the dog. "But the dog did nothing," said Watson. "That was the curious incident," replied Holmes. E should have asked himself why S had not overtaken the ♠J. Because two spades were enough. He must take his ace, and lead a club.

E P C Cotter

CROSSWORD

No. 7,420 Set by DINMUTZ

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Thursday December 27, marked Crossword 7,420 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday December 29.



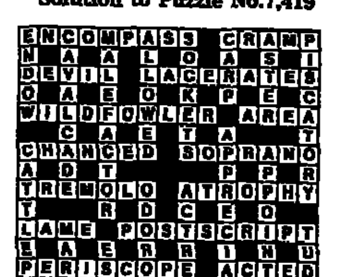
Name..........

Address..........

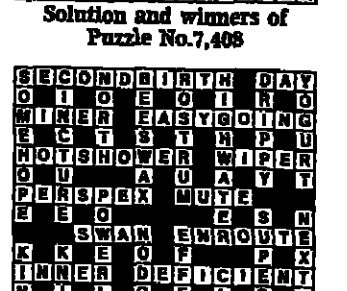
ACROSS
1 Bond, for example, working out lasting peace (7,5)
10 Love to share an address? (7)
11 Ring-fighter who kills his opponent (7)
12 A doctor has it in range (5)
13 Rocky places, lo! in which to find a shell (8)
15 Late glimmer that helps to settle the issue? (5-5)
16 God of war in familiar escapade (4)
18 Pound of potatoes, cooked? (4)
20 Rose shows severe hairstyle in the Sunshine state (10)
22 Spot of bad weather (8)
24 Muse producing tearjerker, with love (5)
26 A way with meat to criticise severely (7)
27 Shows Rex scattering leaves (7)
28 "Recent" clue to middle pages? (6,6)

DOWN
2 Heavy going for diggers (Marsh, for example) (4-3)
3 Unorthodox artist in church that has a crest (8)
4 River ran all over the place, taking duck (4)
5 Heavenal Feeling climate? (10)
6 Crisis edition, with supplement (5)
7 Roofworker clutches divine little fish (7)
8 LIVID, for example? (5,8)
9 Tender in front of kiln? Raise your glasses! (7,1,5)
14 He sticks up for his employer... (10)
17 ... while he looks at the paper (8)
19 Concerned with ground-rents? (7)
21 A river once more backs up and falls... (7)
23 ... river in sunrise depicted (5)
25 Equipment for Mars, particularly? (4)

Solution to Puzzle No.7,419



Solution and winners of Puzzle No.7,408



W.F. Ball, Kelsall, Cheshire; P.P. Keeley, Skerries, Co. Dublin; K.M. Nunn, Alwoodley, Leeds; Mr & Mrs Seamer, Marlborough, Wilts; B.M. Wadely, London SW14.

Private View

The man who is not afraid of the dark

Ludovic Kennedy is a strenuous advocate of euthanasia. ***Christian Tyler*** *talks to him about life and afterlife*

LUDOVIC Kennedy says he is not afraid of death, only of not being allowed to die with dignity. He carries a card in his wallet which states: "If there is no reasonable prospect of recovery I do NOT wish to be resuscitated or my life to be artificially prolonged."

The broadcaster and writer is one year past his biblical span (and far beyond the actuary's allotment for journalists) but it is not age that has forced him to make ready for his end. Death is one of his hobbies: it is a sort of recreational interest, neither obsessive nor morbid, arising out of his long crusade against miscarriages of justice and capital punishment.

There is, as Tristram Shandy would say, a hobby-horsical side to him. Kennedy is an active and public supporter of voluntary euthanasia, and author of a much-quoted pamphlet on the subject published this summer in the "CounterBlast" series (and inspiring one of Bernard Levin's better anathemas).

More quirky than controversial is Kennedy's prescription for his own last rites. He finds urban cemeteries ugly and gloomy, cremation grotesque and violent. So he wants to be buried at sea. It is not just because he is a former Naval officer who attended the sinking of the German battleship *Bismarck*, but because he is a British islander and the sea is "the watery womb from which we all emerged."

In his autobiography, *On My Way to the Club*, he floated the idea of a sea-burial company. Today he is director of the Britannia Shipping Company for Burial at Sea, in Devon, which is doing one job a month and has about 1,000 people on its waiting list. (It will cost you upwards of £1,000 for the coffin option using "special marine hardwood". The company was quick to reassure me that the three bodies washed up in the area recently were "not ours.")

Death is the subject about which every poet writes and about which nobody in polite company speaks. All deaths are painful, of course, and some are shocking, but Kennedy's sanguine contemplation of the subject is a pleasure to listen to. He has the urbanity and candour you would expect of a professional broadcaster. But unlike many such celebrities, he applies that candour also to himself.

I asked him whether he had the crutch of religious faith to help him over that last stile. No, he said.

Was that comfortable, I asked?

"Yes. I can't tell you how comfortable it is. Aldous Huxley once said when he was in my position the intellectual relief of abandoning the whole thing was tremendous."

But, I insisted, you must have some primitive, instinctive fear of death. Doesn't everybody?

"I see absolutely no reason why I should."

I am only trying to test the depth of your conviction.

"It's very strong. I can't remember who said 'where I am death is not, where I am not death is,' but that's the way I see it. When I die that is the end of me. What I have given – whatever it may be – goes on to my children.

"But you see the mere fact that you have put that question to me is very interesting because you are reflecting what an awful lot of people have been brainwashed into thinking. And you can't quite get rid of it. Although you are an objective reporter you can't quite get rid of the current, cultural, underground belief that one has to be afraid of the hereafter. I don't believe there is *any* hereafter. Have you ever seen what cremation does to a body? About a pound and a half of yellow ash. Not much afterlife going on there."

If you have had a happy life and successful career, I suggested, you wouldn't care too much if you were run over by the milkfloat tomorrow?

"Spot on. Absolutely. I couldn't have expressed it better myself."

So for you it's not really about religious belief at all. It's about fulfilment.

"Yes, if you like. And I quite understand that there are lots of people for whom life is nasty, brutish and short who think 'well, never mind, one day it's going to be lovely. It's going to be Elysian fields, and nectar, and caviar and God knows what.' I understand that. But don't make me part of it, that's all."

Kennedy swears he would not even send a quick precautionary prayer aloft if he was in a plummeting jumbo jet.

"No, God no. No. No. I go along with Bertrand Russell and David Hume. God, you see, is an idea in the mind."

Would he not agree that death has its disagreeable side, if only for those left behind?

"Well I don't think it's all that disagreeable. I think it's very therapeutic. I know that I mourned very much for my father, whom I adored, and one or two other people in my life who have died. I have been upset and moved by their death and cried. But that's all to the good. And maybe there'll be some people who think the same about me. And *that's* alright. That's part of the cycle of life."

Kennedy's atheism makes it rather easier for him to justify his enthusiasm for voluntary euthanasia. Euthanasia, a form of suicide in which doctors or nurses are usually implicated, is regarded in many quarters as a sin and as a crime everywhere.

But Kennedy, who has no time for the (almost) absolute religious prohibition against taking life, is convinced that sufficient safeguards can be designed for euthanasia to be decriminalised. Therefore, he says, it should be, in order to save us all from the degrading intervention of high-technology medicine.

He pointed to the recent case at Leicester Royal Infirmary, where a brother and sister admitted attempting to kill their mother, a terminal cancer patient, out of compassion for her and were released with a conditional discharge. (The woman was revived by nurses but died of the cancer 12 days later).

Was there not a great inconsistency here, I asked? If, as he said, his reason for opposing capital punishment was the unacceptable risk of killing an innocent person (hence the reluctance of juries to convict even dangerous killers), how could he advocate mercy despatches when there was a risk of mistaking the patient's wishes?

"It couldn't happen," he replied. "The risk of an innocent man being executed is a question of fact. In the other case, you can't make the same sort of mistake because the wish for death expressed over a long period of time can only come from the person who has requested it."

You mean the one who passes sentence is the one who is going to die. So that makes it all right. Is that the point?

"That's right. You must see there's a difference between the two things. I don't think you can say it's different."

The sanguine atheist may have achieved his contentment from a successful career and a happy marriage – to the dazzling ballerina Moira Shearer – and four children.

But he also achieved it in spite of a chronic anxiety neurosis which for many years (except, oddly enough, when he was on active service) gave him insomnia, acute stomach pains and sweating from hands and feet. He saw a psychiatrist regularly from the age of 28 to 40 and intermittently until he was 50. He even resorted to electric shock treatment at one stage.

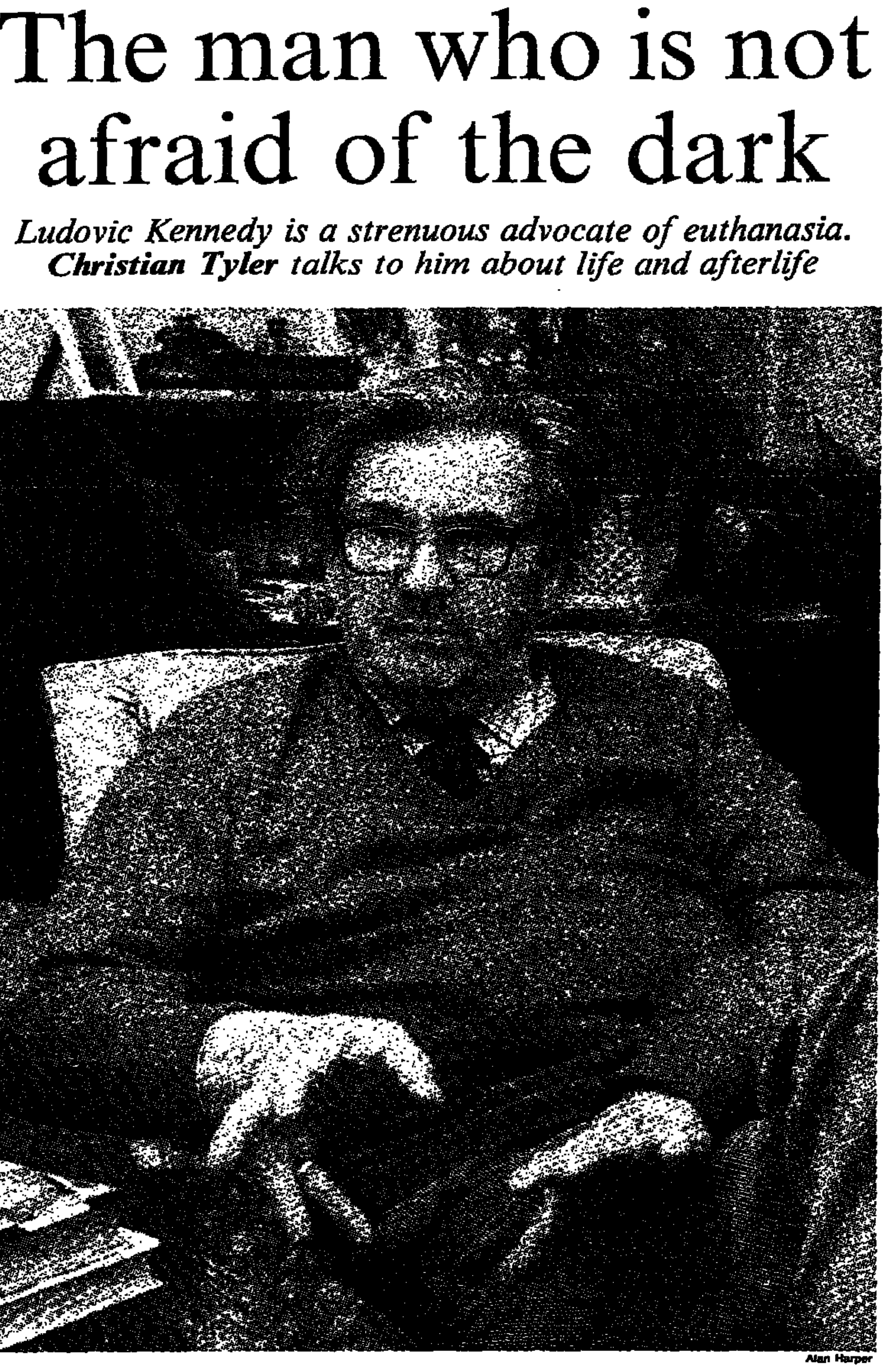
The psychiatrists told him that the neurosis had nothing to do with fear of death – its remission during the war showed that. It was fear of not being able to cope with life, peers and superiors, perhaps due to a stilted early relationship with his mother. Whatever the causes, the treatment did not work. Finally, Kennedy says, he outgrew it. "The symptoms just went away".

The neurosis made the career "pretty uphill work", he said. But he did acquire "an extraordinarily valuable self-knowledge."

Was that, after all, the reason why death held no terrors for him? "I think it probably is." He sounded relieved at the idea. "But that's not to say I couldn't have had 20 years of analysis and *still* be afraid of death."

I asked Kennedy whether, as he enters the last bend and sees the finishing tape, he more consciously plans his life. He is most anxious, he says, to finish an "important" book on Scotland. But apart from that, no plans.

"I don't know what my time will be. It might be next week, next month or 15 years. So you can't make any plans. You just live life normally. It never occurs to me to do otherwise. I think this time of life is a very happy time. One's had a good life and one just enjoys it as much as one can."



Alan Harper

'Have you seen what cremation does to a body? About a pound and a half of yellow ash. Not much afterlife going on there'

Grotty words to savour

Michael Thompson-Noel

STINKY. What a splendid word that is. How very much on target – quite exceptionally tert. No wonder I have got my eye on it. Gouty is another one. Manky, too. Croupy, cankered, gungy, gruesome, ghastly, groggy, grotty, queer, palsied, purulent, peeky and pediculous

What a lot of words there are. Execrable, wobbly, rickety, yukky, scurfy, spavined, dropsical.

Why, when there are so many words, are so few used, especially in financial circles? Have you read an annual report lately? Attended a shareholders' meeting? Scanned the press for clues to the length of the recession or to the short-term prospects of the company whose shares you bought when the markets were motoring faster than a duchess soaked in gin? If you have done those things you may have wondered why the language of business is growing ever more nebulous, like the wispiest traces of matter at the fringes of the galaxy.

HAWKS & HANDSAWS

Tepidity and timidity reign. Coyness is all. The hacks who write annual reports should be ashamed of themselves. When a company falls on hard times, why doesn't it come clean? When a chairman addresses his shareholders, why doesn't he use honest words honestly so that they can understand his problems and rally to his cause? What about this:

"Good morning, ladies and gentlemen.

"We performed atrociously last year, for which I apologise. Conditions were gruesome, that much is true. But our response was calamitous.

"Turnover sank. Our margins were mangy. And profits shot through the floor. In 1990 this company was accursed.

"Of course, we should have seen things coming. As I have indicated to you before, we own seven of the most clapped-out factories in the west Midlands.

"Our workforce is broken-winded. Also sickeningly underpaid. In 1990 its performance was abject. Productivity plummeted. There were outbreaks of arson. Senior managers played golf.

"But I would be deluding myself if I placed the burden of blame on our scurfy workforce.

"Our products were dreadful. In 30 years of business I have never seen lousier products than the ones we unveiled at the Worcester trade fair.

"And our marketing was palsied. Our advertising flopped, our distribution was wretched and our pricing was manky. We were offering precisely the wrong products at exactly the wrong time at prices that no-one – not even our most deluded customers – would ever contemplate paying.

"It was the grottiest year in our long and chequered history.

"Nor will things get better, not straight away. We were thoroughly unprepared for entry into the ERM. As for EMU, our accountants have never heard of it.

"We face an uphill slog. It's a queer business all round. Our prospects are horrible. I myself feel croupy.

"Please stay loyal to us. We need your support. In fact, we are desperate. Working together – caring for one another – we can grip this crisis by the scruff of its scrofulous neck."

Language like that could easily catch on. All it would take is a little encouragement. But someone must start things rolling. What about ICI, or Grand Metropolitan, or the folk at Marley Roof Tile?

Go on. I dare you.

* * *

I WAS loitering in the foyer of the Savoy Hotel this week when I noticed, behind a column, the chief inspector of one of those organisations that award stars and crossed forks to restaurants as a mark of excellence (or otherwise). Almost no-one knows who he is, for he flits from shadow to shadow. He is an immensely powerful man. At his whim and say-so, chefs are made or unmade, restaurants rise or fall.

I greeted him in a whisper, for I am the only journalist who knows him. I said: "You don't look very happy. Is there something wrong?"

"Beans," said the chief inspector.

"Of course," I said.

"Baked beans. John Major's favourite food. They are taking the country by storm. No-one wants to eat *petite salad d'asperges et ris de veau truffe* any more. The chefs are racking their brains for new ways to serve baked beans.

"The whole of my inspectorate has been bussed off to Heinz for emergency tuition. These are grey days, my friend. Do you remember what Albert Roux of Le Gavroche told you in 1987 when you interviewed him for an article about me? What an admirable piece of work that was; should have won a prize.

"Albert said: 'If they announced that an atomic bomb would fall on London tomorrow, there would be long, long queues at Le Gavroche because people would wish to end in beauty.'"

"Good old Albert," I said. "Always good for a quote. But we're not expecting an atomic bomb."

"I almost wish we were," said the chief inspector. "Just look how things are going. Beauty is in retreat. These are the classless '90's. A gentler, more caring world! We are all supposed to be equal. Have you heard anything more absurd? The lights are going out, I'm afraid, and all because of the accountants."

"The accountants!?" I exclaimed.

"John Major's an accountant, isn't he? Or as close as makes no difference. They have captured the corporate world, now they want the rest. The greyest of little men without an original idea between them. I didn't particularly mind them when they stuck to their sums and abacuses. That was what they were *for* – to keep track of the paperclips.

"But of course that wasn't enough for them. Now they run the show. They have opinions to voice on everything. Has an accountant ever talked to you about creative or aesthetic matters?"

My head nodded glumly.

"God!" said the chief inspector. "How I hate baked beans!"

SPORT

Tennis/**John Barrett**

Who wants to be a millionaire?

HERE IS a trivia question for you. What do the following tennis players have in common – Bruce Manson, Ken Phelan, Michael Chang and Pete Sampras? Answer: they have all won prizes in the past week.

Manson and Phelan, representing Credit Suisse First Boston, were the winners of last weekend's Nomura Inter-Company Tennis Challenge. As a result, they and their wives will be guests of Chewton Glen Hotel in the New Forest, southern England, for a weekend away from the cares of the financial markets.

The two teenage Americans, Chang and Sampras, have already assured themselves of at least $450,000 (£237,000) as semi-finalists in this week's $6m Compaq Grand Slam Cup. They meet this afternoon in Munich to decide which goes through to tomorrow's final where the first prize is a monstrous $2m and the reward for the loser will be a hardly credible $1m. With the considerable nervous tension that such sums are sure to engender, the finalists would probably appreciate a weekend of quiet relaxation in the New Forest themselves.

These two events, both in their first year, are at opposite ends of the tennis spectrum. Each, in its own way, is part of the game's evolution and necessary to its health.

The Nomura Challenge, open to registered companies in the London telephone area, is essentially about having fun. It caters to that great mass of amateur tennis players who simply enjoy the chance to compete. It is also about a company attempting to obtain a higher profile at modest cost through sponsorship in the market in which it operates.

The fact that the tournament attracted entries from 128 men's and 37 women's teams in its first year means that it has already succeeded. Not surprisingly, there are plans to expand next year into other British cities and even continental Europe.

Manson, a left-handed American, is a former tour player, so Credite Suisse were strong favourites to win the men's title. As expected, they easily beat a British Airways team 2-0 in the final. The Bank of England women's team were 2-0 winners over Taylor Woodrow, so Diane Walker and Hilary Boxer can also look forward to a weekend break in Hampshire.

The Compaq Grand Slam Cup is the highest-profile event the game has ever seen, and underlines its inherent appeal to commercial interests. It was created as a defensive move by the tennis Establishment when, two years ago, the male players announced they would break away from the old Men's Tennis Council, on which they sat as equal partners with the tournament directors and the International Tennis Federation, to run their own ATP tour in 1990.

The Cup is also part of the commercial war between the giants of the computer industry. With IBM as main sponsor of the ATP Tour, NEC as the supporter of the ITF's two greatest team events, the Davis Cup and the Federation Cup, and Hewlett Packard supplying the hardware and database for the women's Kraft General Foods Tour, it was not surprising that Compaq, the industry's second largest player, with turnover exceeding $2.9bn, grasped the opportunity to join the fray.

The hostility which surrounded the launch of the Grand Slam Cup in October 1989 seems to be evaporating. This is as it should be. The concept of a season-ending spectacular involving the 16 men who have had most success in the four great championships of the world – Australia, France, Britain and the US – is thoroughly legitimate and will grow in importance with each passing year.

The hostility came from the administrators of the ATP tour and some of the leading players. They complained that the level of prizemoney was too high – a curious stance for a body that was supposed to be maximising the earnings potential of its members.

Their real concern, of course, was that another, larger event in Germany might upstage their own season-ending championship in Frankfurt last month with "only" $2.2m in prizemoney. They need not have worried. Thanks to careful planning and some explosive tennis from the colourful and controversial Andre Agassi, it was an entertaining and successful event, popular with players and public.

In spite of the recession, tennis still seems able to attract backing, particularly in Germany where the boom created by the successes of Boris Becker and Steffi Graf continues to stimulate growth.

The funds for the Compaq Cup do not come from the game itself but from an astute Munich-based promotor, Dr Axel Meyer-Woelden, whose expertise lies in the sale of sports and entertainment events to TV companies. Because of the interest of more than 70 networks around the world he has secured the support of Opel, Boss, Schweppes, Rado, Slazenger and Hilton International.

Another of Meyer-Woelden's passions is music. He produces records for, among others, Placido Domingo. The celebrated Spanish tenor came to Munich last Tuesday for the spectacular opening ceremony which included a brief and rather noisy performance from a-ha, a Norwegian pop group (mimed, I'm afraid), complete with multi-coloured laser lights and swirling mists of carbon dioxide, to emphasise the growing similarity between tennis and show business.

Domingo performed beautifully, and gave us three ballads plus an encore to rapturous applause. However, Meyer-Woelden missed a trick here. Think of the impact there would have been if he had engaged Frank Sinatra to sing, as part of his 75th birthday celebrations this week, his number from *High Society*, "I Want to be a Millionaire." It would have been much more appropriate.

Cricket/**Teresa McLean**

Oh my Marshall, oh my Arlott

WHAT contemporary public issue united 140 British MPs of all parties in drawing up a House of Commons motion of protest against a planned government bill last year? What subject has peppered the pages of *The Times*, *Telegraph*, *Independent* and *Guardian* with articles and letters of protest for two years? What incited Roy Hattersley, the shadow home secretary, to appeal desperately to the hearts of the nation?

"Where will it all end?" wrote Hattersley. "If one national institution is proved mortal, how many more will die a commercial death?" The answer to those questions is the proposed removal of *Test Match Special* from Radio 3 to Radio 5 which will become BBC Radio's only sports channel and there will be occasions when Test matches will have to compete with other sporting events for air-time.

The extraordinary appeal of *TMS* to all sorts of people, including many who are not remotely interested in cricket, is one of the things Christopher Martin-Jenkins describes well in his history of cricket broadcasting, *Ball by Ball**. Just where the appeal lies, he is less good at working out, but that is only to be expected.

Some cricket broadcasters have obvious points in their favour. John Arlott's rich, rustic manipulation of the English language had a world-wide fan club, as does Brian Johnston's inexhaustible cheerfulness, whatever the weather, whatever the result, to this day. But essentially the appeal of cricket on the radio is as mysterious as the appeal of the game itself and Martin-Jenkins is happier when he leaves its attractions to speak for themselves and concentrates on the story of cricket broadcasting.

He has a marvellous story to tell. Ball-by-ball commentary began in Australia in 1925, two years before it started in England. The glory of making the first cricket broadcast in England fell to a cricketing parson from Essex, the Rev F.H. Gillingham. In ten and five-minute bursts on Saturday May 14 1927, he described play between Essex and New Zealand at Leyton.

In the winter of 1932 a French commercial radio station, Poste Parisien, hired the New South Wales all-rounder Alan Fairfax to broadcast commentaries on the Bodyline tour to English listeners. He sat in a studio in the Eiffel Tower, fed with a continuous flow of cables describing play in Australia. These he digested and then regurgitated as a pretty well blow-by-blow account of the first Bodyline Test.

English listeners found these broadcasts so riveting that the BBC used the old Empire shortwave service to send them commentaries on the rest of the series, given by Alan Kippax, the Australian batsman dropped after the first Test and perhaps consoled by describing the damage inflicted on his team-mates by the bodyline bowling of Douglas Jardine, Harold Larwood and Bill Voce.

By 1934 the BBC was sufficiently committed to ball-by-ball commentary to have hired the legendary Howard Marshall to cover every Test match, but had not yet managed to persuade the MCC to guarantee broadcasters admission to Lord's during the Tests. For a while, Marshall's admission was hit and miss.

Once Marshall's attempted to send a report of a day's play from a nearby house, while a girl upstairs practised her piano scales and an engineer rushed up to silence her, whereupon her mother began banging on the window with her umbrella, complaining that her daughter's music lesson was being wasted.

One of the most enjoyable anecdotes concerns tennis, not cricket: Capt Teddy Wakelam's matter-of-fact description of broadcasting a men's doubles match at Wimbledon while trying to extinguish a fire he had started by dropping a match into a pile of old papers. The flames set fire to the turn-ups of his trousers and the rubber insulation mats on the floor of the tiny commentary box. He stamped on them frantically but continued to broadcast serenely.

The achievements of early radio engineers are endless: ensuring that different levels of pencil tapping sounded like correspondingly different strengths of bat hitting ball; adjusting reception to fit the commentary in with the damaging effects of sunspots; keeping commentators cool enough to speak in small, air-tight commentary boxes.

Though the golden days of unpredictability are gone, one of the charms of cricket on the radio is that it still produces commentators of strong individual character.

The more prosaic world of cricket commentators on television is dealt with more drily, but it cannot compare with what radio has to offer.

Towards the end of his book, Martin-Jenkins allows himself just a touch of melancholy. He points out that on Radio 3, listeners to *TMS* number between 200,000 and 2m. They include women, travelling salesmen, retired and lonely people, disabled and housebound people, blind people and patients in hospital whose only contact with the outside world is the comforting ritual of Radio 3's *Test Match Special*.

■ *Ball by Ball, Grafton Books, £14.95.